

THE

GO

AHEAD

YEAR

**LABOUR
IN POWER**



By 'DEMOS'

3/6

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INTRODUCTION

On 15 October 1964 Britain elected a Labour Government. That Government was given the job of creating a New Britain – a Britain that is paying her way in the world – a Britain that has put behind her the drift that characterised the Tory years – a Britain that is fair, that cares for the old and the sick – a modern Britain in tune with the spirit of the present and not of the past.

How has the Government measured up to these formidable tasks?

The Go-Ahead Year takes a sympathetic look at the Government's record. It lists many of the achievements. It outlines the differences between the Labour and Conservative policies. It recalls Labour's pledges and shows how they have been fulfilled. It shows the beginnings of further advances.

1 THE GENERAL ELECTION

October 1964 saw a Labour Government take office for the first time in thirteen years.

THE OVERALL Parliamentary majority was only four, yet Labour had, in one blow, wiped out the combined Conservative gains of 1951, 1955 and 1959.

Three years before the election *The Times* political correspondent had predicted that:

'Labour will almost certainly need two or three elections to eat away the Conservative majority that was accumulated serially in 1951, 1955 and 1959.'

The electorate, however, turned their backs on Conservatism and voted a Labour Government into office.

The final voting figures were as follows:

Labour	12,205,814	(44.1 % of the poll)
Conservatives	12,001,396	(43.4 % of the poll)
Liberal	3,092,878	(11.2 % of the poll)

For the Conservatives the election was a disaster. Their share of the poll (6% down on 1959) slumped with the biggest drop for either party since 1945. The Liberals achieved a limited success, as they gained nearly twice as many votes as in 1959. But they failed to increase the number of their M.P.'s significantly.

One of the clearest characteristics of the election was the existence of immense regional variations in the voting patterns. Butler and King, in their Nuffield Study 'The British General Election of 1964' give a national swing figure of 3.5% away from the Conservatives (this excludes Northern Ireland). However, the more detailed analysis according to region, casts doubts on the whole idea of a 'national swing'. Thus in the Midlands there was a swing of only 1.8% away from the Conservatives, in the County of London the figure was 4.3%, in the North-East 2.7%, in Lancashire 4.7%, and on Clydeside 6.1%

There were strong movements to Labour in the North West, Clydeside, Greater London, the Highlands and in most big towns. The Conservatives did best in the West Midlands, East Anglia, and rural constituencies.

Labour won 61 seats and lost five. One of these losses, Smethwick, where the swing to Conservative (7.2%) was twice as great as in any other seat, resulted from concentration on the racial issue.

Excellent results for Labour were obtained in Liverpool, where there was a swing of over 8% in every constituency and four seats were gained. Three unexpected Conservative losses came in the last 10 seats declared, when they lost Inverness, Caithness and Sutherland, and Ross and Cromarty (all Highland seats) to the Liberals.

It is always difficult to assess what constituted the major issues of an election campaign. The opinion polls found that the issues with which people were primarily concerned were the domestic problems of the nation – pensions, housing, education, cost of living and so on. Significantly, the Gallup Poll found that the majority of the electorate thought that Labour could handle problems of housing and the social services better than the Conservatives. There seems little doubt that the previous Government's dismal record in these fields showed up badly when compared with Labour's forward-looking policies. In certain constituencies the election was marked by the dominance of the race issue. This was not only true of Smethwick but also of Perry Bar. Two independents standing almost solely as anti-immigration candidates also appeared, both in constituencies (Southall and Deptford) with considerable immigrant populations.

Steel nationalisation was not a dominant issue, although Labour did notably well in the steel constituencies of South Wales, South Yorks and Teeside. This, of course, was in the face of the tremendous anti-nationalisation propaganda campaign which had been mounted by the steel companies during the previous 18 months.

Economics do not normally feature largely in election campaigns, but the revelation of the huge slump in the monthly balance of payments figures on 30 September undoubtedly acted in Labour's favour and enabled Mr. Wilson to seize the initiative.

Clearly the result of the election was not entirely satisfactory

for Labour. The narrow majority, cut still further by the result of the Leyton by-election in January 1965, did not constitute an easy base from which to tackle the immense economic problems of the country. Despite this the Government has pressed ahead with the programme set out in the Election Manifesto.

The Conservatives in Opposition

THE CONSERVATIVES have been the chief party of the Opposition for over a year. Despite the obvious advantages with which they began – the Government's narrow majority, the necessity to take tough and unpopular decisions, the country's economic difficulties – their record so far has been one of unremitting mediocrity. In Parliament their criticism of the Government, when it has not been weak and ineffective, has been factious and irresponsible. On many issues they have had no clear policy at all, whilst on others, such as economic planning, they are manifestly torn by division and conflict.

Until July 1965 the Conservative Party was dominated, for the second time in less than two years, by internecine warfare over their leadership. Demoralised by the sudden loss of power in October, there was a natural tendency for the Party to seek a scapegoat. The obvious choice was Sir Alec Douglas-Home. His patent lack of contact with the modern world, his inability to match the Prime Minister in debate, his failure to create a favourable impression on the electorate, all began to appear as intolerable disadvantages to certain members of the Party.

Rumours of his impending doom began almost immediately after the election, and continued to ebb and flow according to the fortunes of the Party. The Press regaled the public with endless speculation concerning the three principal contenders for the throne, Messrs. Heath, Macleod and Maudling, all, as one Conservative journalist acidly pointed out, 'the passed over rejects of October 1963'. In the end it was Sir Alec himself who saved his Party from having what Mr. James Margach once described as 'another nervous breakdown in public'. His resignation in July was hailed by the Conservatives as an act of noble sacrifice on the altars of party unity, though there were certain disgruntled exceptions whose feelings were perhaps summed up

in the reported comment of one back-bench M.P. that 'the rotters' eleven has won'.

Following the political death of Sir Alec, came the Conservatives' first hesitant exercise in democracy. Under a new system announced in February 1965, they elected Mr. Edward Heath Leader of the Party. His advent was universally interpreted as representing the modernisation of the Party. So far his record, and that of many of his 'abrasive' young lieutenants, has been that of a vigorous proponent of old-fashioned capitalism at its most harsh and ruthless. It remains to be seen whether he will develop into a more statesmanlike and moderate Leader of the Opposition.

It would be unfair to suggest that the Conservatives have been occupied entirely with the protracted struggle over their leadership. In Parliament they have been vehement and fierce in their opposition to many Government measures. But an examination of their behaviour in this respect, reveals the true nature of Conservatism. For despite their much vaunted claims to be the party of sound common sense, they have since October 1964 not only attacked many Government measures designed either to cut down the level of public expenditure, or spread the burden of taxation more equitably, but have at the same time promised more public spending and lower taxes. They wished to retain T.S.R.2 and the two other cancelled aircraft projects. They opposed Labour's revised prices for farmers and wanted to increase them. They opposed the increase in income tax and petrol duty, but were so hypocritical that they did not dare vote against the raising of social security benefits which were financed in this way. They mobilised their stockbroker battalions for a prolonged onslaught on the Corporation and Capital Gains Tax, the first attempt at a radical reform of the tax system for two generations.

On no issue have they put forward any constructive arguments. Their failure to vote against such measures as the Protection from Eviction Act and their recent volte face over rent control and land form the most eloquent testimonial to their own wasted years of power.

The Liberals

ALTHOUGH the Liberals achieved their target of obtaining over three million votes in the General Election, they must have been disappointed with the result. They increased the number of their M.P.'s by only 2 – from 7 to 9 – and lost their only industrial seats, Huddersfield West and Bolton West. These losses are particularly significant in view of the fact that their four gains – Bodmin, Inverness, Ross and Cromarty, and Caithness and Sutherland – were all constituencies in the 'Celtic fringe.' This meant that, with the exception of Orpington, all the Liberal seats were in rural areas, very far removed from the great industrial conurbations. Their most recent by-election gain, Roxburgh, Selkirk and Peebles, is a sprawling border constituency, mainly rural, but with a number of small semi-industrialised towns.

During the General Election campaign the declared Liberal target was to obtain 3 million votes. This was a modest ambition compared to the talk of 40 or 50 parliamentary seats in the post-Orpington euphoria, but it was more realistic and, in the event, achieved.

The Liberals claimed, and continue to claim, that they are appealing to the modern classless element in the electorate. The Liberal archetype 'Orpington man' young, radical and classless, had a considerable vogue in the press for a short period after March 1962. Yet in the 1964 election their Parliamentary strength remained deeply rooted in the rural Celtic areas. Here the typical voters are small farmers, crofters, shepherds and workers in declining industries, a far cry from the white collar 'new man' of the suburbs. The election results show that in fact the Liberals did particularly well in this 'Celtic fringe' of Britain, and the south-east. They also did better in comfortable Conservative seats than in marginal or Labour seats.

This picture would suggest that the emphasis placed by the Liberals on their regional policies had considerable effect in areas which had been neglected by the Conservatives, such as the Highlands. As far as the general increase in the Liberal vote is concerned, the psephologists tend to agree that Labour suffered most from Liberal intervention, though there is some disagreement as to the extent to which this is true. It has also been suggested that there is some evidence of 'Lib-Lab' voting, both

in the General Election, and in subsequent by-elections. According to this argument, Liberals do well in Conservative seats where they are second, but badly in such seats where they are third. The results of the by-elections at East Grinstead and Roxburgh are cited as proof, but clearly a much more detailed analysis would be required before the theory could be accepted.

Since the General Election the Government has tabled many reforms which one would have expected the Liberals to support. The Government has introduced an incomes policy, a capital gains tax, measures to stop tax evasion, a Highlands and Islands Development Board, a severance pay scheme and an expansion of industrial training. It has also set up a Royal Commission on the trade unions, has abolished the exports of armaments to South Africa and announced material support for the United Nations peace-keeping operations. In place of the Liberal's badly titled 'Ministry of Expansion' the Department of Economic Affairs has been established, and has produced the first-ever detailed analysis of the country's economic problems and potential in the National Plan. Measures concerning wage-related sickness and unemployment benefits, land and the Ombudsman will be introduced during the present session.

Despite this, an examination of the division lists for the first year reveals that the Liberals have voted with the Government on only 68 occasions, compared with 156 times against. These figures are to a certain extent misleading, as votes against the Government are greatly increased by the fact that the Liberals supported numerous critical amendments to the Corporation and Capital Gains Tax proposals, put forward by the Conservatives in the lengthy debates on the Finance Bill. This is a strange attitude for a party of radicals to take on one of the greatest measures of tax reform in our history. A protracted defence of City financiers and big business interests hardly seems designed to fit the much publicised image of classless radicalism.

2 THE ECONOMY

'The aims are simple enough; we want full employment; a faster rate of industrial expansion; a sensible distribution of industry throughout the country; an end to the present chaos in traffic and transport; a brake on rising prices and a solution to our balance of payments problems.'

LABOUR PARTY MANIFESTO

Labour's Inheritance

By 1964 the British economy had reached a critical stage. Long years of industrial stagnation had resulted in the largest peace time trade deficit which this country has ever suffered. Foreign confidence in our economy and our ability to recover had reached its lowest ebb.

The economy was sick and weak after long years in which a dismal industrial record and persistent inflation had scarred its face. Between 1951 and 1961 industrial production in Britain rose by barely a third. In France it rose three times as fast. In Germany and Italy four times as fast. In Russia six times and Japan ten times. Meanwhile prices in the U.K. during those same years rose faster than in almost any other industrial country in the world. Within Western Europe, for example, only France suffered a sharper price rise than ourselves.

Our trade suffered, and Britain's share of the world's export market for manufactured goods steadily declined. In 1950 we accounted for one quarter of total world exports; by 1962 we accounted for less than one sixth. Rising public and private spending at home could only be sustained by an ever increasing volume of imports and so the gap between imports and exports widened.

In some years financial restrictions imposed by the Government managed to ensure that we had a surplus at the end of the year. But once those restrictions were lifted the volume of imports rose sharply and another balance of payments crisis appeared. This was the pattern which resulted in the balance of payments crises of 1955, 1960 and 1964.

It was a grim pattern. Fairly short periods of economic expansion were followed by long periods in which production fell and unemployment rose. What made matters worse was that the unemployment was concentrated in particular areas. Following the trade crisis of 1960 for example there were a series of financial restrictions designed to restore the balance of payments. By May 1963 one in ten workers were unemployed in Hartlepool.

Inflation too had its casualties. Consumer prices rose by nearly half in ten years. As a result, by 1963 nearly one in four retirement pensioners were forced to rely on National Assistance because the pension itself was quite inadequate. Between 1958 and 1963 prices of new and existing houses rose on average by nearly one third. The result was that 80 per cent of the houses being built were too expensive for 90 per cent of the population.

However, the most serious consequences of these twin economic afflictions of slow economic growth and inflation were in the public services. In their 1964 Election Manifesto, the Conservatives said 'in thirteen years of Conservative government the living standards of the British people have improved more than in the whole of the previous half century'.

It was true that more people owned televisions, washing machines, and cars. But because the rise in national income was so slow, spending on the social services utterly failed to match the rising demand for these services – for more and better schools, houses, hospitals, roads, etc. The shortage of hospital beds became chronic. In 1963 there were about half a million people on hospital waiting lists – many of them needing urgent treatment. Meanwhile there were over 10,000 beds lying empty through shortages of staff. Many hospital buildings were old and decaying relics; two thirds of them had been built before the Boer War.

It was in housing, however, that the worst shortages existed. The National Plan published in September 1965 showed that there was a shortage of 700,000 houses over the whole country, and that there were about one million houses already classified, or

due to be classified as slums.

Amidst the abundance of television sets and cars there was squalor and decay in just those kinds of services which we need most of all – decent schools, homes and hospitals.

Labour's inheritance presented a tremendous challenge. First the balance of payments had to be restored and the basis laid for sustained economic growth; second, a major effort was required to improve the scope and quality of the public services so that they could meet the country's needs.

Labour's First Days

THE OVERWHELMING FACT facing the new Government on its first day of office was the massive balance of payments deficit. Harold Wilson in a speech to the T.U.C. on 7 September 1964 had accepted the most authoritative available forecast of the situation – that by the National Institute of Economic and Social Research, which predicted a £500m. deficit. In fact it turned out to be just over £800m. (£756m. plus £56m. on the waiver of a U.S. loan). Within 10 days of taking office Labour produced a White Paper on *The Economic Situation* (26 October 1964) which made two main recommendations: a 15 per cent surcharge covering imports of manufactured goods and the introduction of a tax rebate scheme for exports averaging 1½ per cent of the value of the goods exported. Sixteen days later the import surcharge was approved by the House of Commons. On the same day – 11 November – Labour's new Chancellor introduced his first Budget.

The Autumn Budget

The aims of this first Budget followed directly from pledges given in the Party's Manifesto. The Chancellor outlined them as '... a healthy foreign balance, stable prices, full employment, sound justice for the community, fair play for all tax payers, sound planning of public expenditure (and) rewards for energetic and sustained economic growth.'

After 13 years of neglect, the plight of many pensioners was desperate. By 1963 out of nine million people living below or only just above the poverty line (as defined by the Government's

own austere National Assistance standards) 3·8 million were pensioners. Something had to be done at once, and in its first Budget Labour increased old age pensions and National Assistance rates.

Next, major changes in the tax system were announced. Under the Conservatives an increasing proportion of the tax burden had shifted from the richest to the poorest sections of the community. To restore fairness in our tax system and encourage more investment and production, two new taxes were announced: the Corporation Tax and the Capital Gains Tax.

Finally, to begin the export drive a series of measures were introduced to encourage a large movement of our resources from home to export industries. A scheme providing tax refunds for exporters and improved credit facilities was outlined and, most important, controls on public and private spending were announced which included a complete review of all government spending and a number of tax changes affecting personal incomes (6d. on the standard rate of Income Tax and 6d. on petrol, higher national insurance contributions).

In January, details of the credit finance facilities and a new Commonwealth Export Council were announced. At the same time, a letter from the Governor of the Bank of England was sent to all commercial banks urging them to give every help to exporters and manufacturers seeking investment funds. It urged that other customers should be asked to curtail their borrowing in an effort to give maximum help to exporters.

With the help of these measures, Britain's trading position improved. Exports between December and February were 6 per cent higher than for the previous three months. The trade gap began to close. For the first three months of 1965 it averaged £12m. a month – compared with £42 m. a month for the first three months of the previous year.

Sterling

THE ENORMOUS trading deficit of 1964 imposed a serious strain on our reserves. Even more damaging was the effect it had upon world confidence in sterling. By October, heavy sales of sterling were taking place. The Labour Government knew that it must

take immediate and successful measures to defend the pound, for, as Mr. Wilson explained 'had we been unsuccessful we should have been faced not only with the loss of our influence for peace abroad, but with a sharp rise in the cost of living and equally sharp fall in the standard of living.'

On 25 November 1964 the Government secured a backing of \$3,000 m. for sterling. Over the next few months it enlarged that backing to \$5,000 m. with the result that the immediate danger of a vast run on sterling was avoided. However, the 1964 deficit had done enormous damage and it took ten months for the Government to restore complete confidence in our currency.

Financial reforms were only one part of the total plan to put Britain's economy on a sound footing. The National Plan and Labour's plans for science and technology were vitally important. But it was the financial changes which were introduced first. In the longest and most comprehensive Finance Bill for half a century the measures outlined in the autumn budget were formulated for consideration by Parliament.

Labour's Second Budget

The fundamental change was the introduction of a Capital Gains Tax and a Corporation Tax.

The Corporation Tax was designed primarily to increase industrial investment and efficiency by encouraging manufacturers to plough back more of their profits for new factories and equipment.

The Capital Gains tax was to provide a basis for an effective incomes policy – to ensure, in particular, that all forms of income would be subject to control. It marked a turning point in the history of British taxation.

The remainder of the Budget was the second phase in Labour's broad programme to transfer more resources from home to export industries and included a series of selective controls on public and private spending.

Under the Tories, Government spending rose by 50% in twelve years. For an effective programme of economic recovery it was vital to rationalise public expenditure programmes and eliminate wasteful projects both at home and overseas. In his Second Budget speech the Chancellor announced that the Government had decided that the growth of public expenditure in the next five years (1965/9) must be related to the prospective increase in national production. In the Government's judgement

this meant limiting expenditure, including that by the nationalised industries, to 4½ per cent a year at constant prices. On private spending, the controls took the form of a higher tobacco and drink tax and an increase in car licence rates.

'... The strategy of the Budget is to achieve a state of balance on our joint current and long term yearly account,' said the Chancellor, James Callaghan. This was the theme of both Budgets. The trade figures in 1965 showed how successful these policies had been. For the first six months the average trade deficit was £26 m. a month compared with £46 m. a month during 1964 – nearly halved. Latest estimates suggest that the balance of payments deficit may be turned into a surplus in 1966.

Credit

In its first two Budgets the Government introduced a series of measures to limit home spending and allow goods to be diverted to the export market. To ensure that the limits on private and public spending were maintained throughout the economy, the Governor of the Bank of England sent a letter in March to all Banks requesting them to limit the extra credit they granted for the next twelve months to 5%. However, the H.P. finance houses – an important source of credit – were not covered by this. So on June 3rd some tightening of the statutory controls over H.P. and rental arrangements were announced. Where the minimum deposit had been 20% it was increased to 25%, and where it had been 10% it was increased to 15%. But to make sure that these changes did not cause any hardship, certain items like furniture, were excluded. At the same time the Chancellor announced that with these controls over credit, and the steady improvement in the Gold and Dollar Reserves, it was possible to lower the Bank Rate. As a result, short term rates of interest which had involved a considerable cost to the balance of payments and the home economy, were also reduced.

The 27 July Measures

The task of regaining strength for sterling after the Tory debacle of 1964 occupied Labour through its first year. The dollar backing secured in November had provided temporary support. But the size of the 1964 deficit still caused overseas opinion to doubt seriously whether the British economy could ever recover – a fact reflected in the renewed pressure on sterling.

The Government had made a pledge to restore British trade and lay the basis for sustained economic growth. In two Budgets it had not flinched from introducing unpopular measures to achieve this goal. When circumstances showed that a further series of measures was needed to ensure that the deficit was eliminated some time in 1966 and the strength of sterling maintained, the Government acted promptly. On 27 July 1965 the Chancellor announced that the Government intended to slow down the rate of expenditure on capital projects, contain housing, schools and hospitals within their existing programmes and provide loan subsidies to local authorities only where the projects were urgently required.

In addition, his statement outlined a plan for legislation designed to institute a licencing procedure to govern the starting dates of privately sponsored construction projects of the value of £100,000 or more (with the exception only of housing projects and industrial building). The maximum repayment period of H.P. contracts was reduced from 3 years to 30 months (except for furniture, bedding, cookers and water heaters). Finally, changes in the regulations governing exchange control were announced – the most important one being that no further approvals would be given for the use of official exchange for direct investment outside the Sterling Area.

Mr. Callaghan ended ‘. . . Together with the other measures the Government have taken previously, these further steps will reinforce our position and enable us to continue with the tasks of balancing our payments and reconstructing the economy.’ They did immensely reinforce Britain’s trading position. Speculation against sterling died away and from many overseas countries there were expressions of praise and confidence in what the Government had done.

M. Pierre-Paul Schweitzer, managing director of the I.M.F., said (Washington, 27 September) that the measures taken by the Government ‘will have considerable effect . . . and (they) demonstrate the British determination and ability to defend sterling.’ In America, Secretary of the Treasury, Henry Fowler said:

‘I feel that the outlook is a hopeful one and the expectations of Mr. Callaghan and his colleagues that the British balance of payments deficit will be met by 1966 is a reasonable expectation.’

A Tough Year

It was a tough first year, with Labour obliged to introduce a number of unpopular measures. But emergency action was required at once to prevent any further deterioration in Britain's trade and the position of sterling. Despite its small majority Labour took that action and succeeded in restoring the balance of payments.

Through the year critics argued that the measures taken by the Government represented a return to stop-go policies – and that Labour had broken its pledge to replace these blunt weapons with new planning machinery which would maintain full employment. But in speech after speech through 1964, as the overseas deficit mounted, Mr. Wilson had warned that these weapons would have to be used until 'we were able to get the right priorities in industry to enable Britain to expand its production steadily year by year'. Until the new planning machinery was ready, there was no choice but to use these blunt weapons. But Labour was anxious that the burden of these controls did not fall on those least able to bear them.

'Indeed while we were actually fighting the crisis, we felt it was right to ease the burdens of the old by the biggest pensions increase this country has seen for nearly 20 years, and the sick, by abolishing the prescription charge.'

HAROLD WILSON, *4 September 1965*

Meanwhile the Government worked at top speed to create the new planning machinery. With the publication of the National Plan the stage was set for the replacement of crude fiscal instruments as the chief means of controlling the economy, with national and regional planning machinery aimed at securing both full employment, stable prices and sustained economic growth.

3 THE NATIONAL PLAN

'Labour will set up a Ministry of Economic Affairs with the duty of formulating, with both sides of industry, a national economic plan. This Ministry will frame the broad strategy for increasing investment, expanding exports and replacing inessential imports'.

LABOUR PARTY MANIFESTO

The Need for Planning

The Conservatives had taken office in 1951 as the 'anti-planning' party. The stop-go-stop progress of the British economy throughout the 1950's was the result of their refusal to plan economic advance. They suddenly claimed to have been converted to planning during the economic crisis of 1961. However, they did no more than pay lip service to planning.

They set up the National Economic Development Council with representatives from private firms, nationalised industries and the trade unions, chaired by the Chancellor of the Exchequer. The N.E.D.C., assisted by a staff of economists, was charged with drawing up a five year plan for a higher and steadier rate of expansion, and to recommend ways of achieving the plan. It was entirely outside the Government machine. It could do no more than recommend actions to be taken in Government and industry. It could not even publish its findings if the Government chose to suppress them. And it did not work until the autumn of 1961, although it was supposed to produce a plan for 1961-1966.

In the very speech in which Selwyn Lloyd (Chancellor at the time) announced the new policy he also announced massive tax rises and cuts in vital public expenditure. These 'stop' measures differed from the July measures which Labour took by being un-

selective and paying little, if any, attention to social priorities.

The N.E.D.C. proved an effective device for discussing economic and industrial policy, and the statisticians and economists in the N.E.D.C. staff did some preliminary work which would have helped a Government serious about planning. The N.E.D.C. reports carried some useful analysis of particular industries and attempted to predict what the economy might look like in 1966 with a faster rate of expansion. However, the epitaph on this excursion into planning was written in the summer of 1964. Three years of so-called 'Conservative planning' had ended in an even bigger trade deficit than in 1960/61.

Labour's Approach

The Labour Party has always been committed to planning. It called for a planning office within the Government, the responsibility of a new ministry concerned wholly with economic affairs, which would also take over economic functions from the Treasury. It also proposed that Government Ministers should have the specific job of sponsoring the development and use of new industrial techniques and modern technology without which faster economic expansion would be impossible. The Labour Party objected to the weakness of the N.E.D.C. planning office which was completely outside the Government with no direct effect on Government policy. Its recommendations could be ignored by the Government – as frequently happened.

Labour's Policy

Within days of taking office the new Labour Government had set up the Department of Economic Affairs (D.E.A.) under George Brown, and the Ministry of Technology, under Frank Cousins, whose task was to speed the modernisation of British industry. Work was begun on the new plan in the planning section of the D.E.A., and the N.E.D.C. was reformed to include two economists and Government Ministers directly concerned with the implementation of the new plan, with George Brown now in the chair. It continues to fulfil the important function of harmonising industrial plans with the National Plan, particularly through the E.D.C.s covering particular industries.

The National Plan has to be flexible enough to accommodate changes and unforeseen developments. Therefore its progress will be reviewed regularly and adjusted when necessary.

The National Plan — The Problems

THE PLAN is not a party political job. Representatives from management, the Trade Unions and the Government sitting on the National Economic Development Council and the Economic Development Committees (the little Neddies) shared the task of drawing it up. As George Brown said, 'It is a national plan drawn up after the closest co-operation between the Government and literally every section of the community'.

And it is not purely an economic plan, for it includes detailed reviews of the requirements of the social services; estimates of other central and local Government spending; and calculations of the resources needed to meet private spending over the next five years. In fact the Plan provides the answers to three questions:-

- 1 What are the total economic resources of the country over the next five years?
- 2 What social and economic needs must be met over the next five years and in what order of priority?
- 3 What shortages will stop us meeting those needs and how can we overcome them?

The Industrial Inquiry

The goal was a 25 per cent growth in national output over the next five years. The first task was to break down this goal and see what each industry could do to meet it. For this, the Government sent out a questionnaire to all main industries. It asked, assuming a growth of 25 per cent in national output, how would your company grow, what are its export prospects and how much labour investment, fuel and materials will it need to achieve this growth?

The answers were studied and estimates combined with the needs of central and local government over the next five years to find the total demand on our resources over the period.

The survey, which was checked and cross-checked, showed:- Our science-based industries will expand very rapidly. Ones like machinery and equipment, oil refining, chemicals, electricity, telecommunications and man-made fibres will grow by 8-10 per cent or more a year.

Engineering will expand rapidly, within this industry the fastest

increases are expected from machine tools and electronics (7-8 per cent) a year.

The construction industries will expand by $4\frac{1}{2}$ per cent a year. Among the older industries making goods for personal consumption like food and drink, clothing and some textiles, a rather slower expansion of 2 per cent a year or less is expected. Coal output will fall. Inland transport will continue to grow – though improvements in the industry will mean that it will need fewer workers.

Five Problems

However the Plan also revealed that there were five main problems in the British economy – problems which might hamper economic growth unless the Government and all sections of industry adopted firm policies to overcome them.

- 1 The Balance of Payments: unless a regular trade surplus was achieved this would continue to be a serious hindrance to substantial growth.
- 2 Labour Mobility: some industries will need many more workers while others will need fewer. For example, health, education and other professional services need an extra 460,000, manufacturing industries an extra 292,000, and the construction industries an extra 100,000 more workers in the next five years. On the other hand, in the agriculture, forestry and fishing industries 142,000 fewer workers will be required, in mining and quarrying 179,000 fewer, and in transport and communications 99,000 fewer. Encouraging workers to move from contracting to expanding industries will be a major task for the Government.
- 3 Industrial Efficiency: The Industrial Inquiry suggested that national productivity (output per head) could grow by 3.2 per cent a year between 1964 and 1970. This is substantially faster than the average growth over the past 10-15 years but less than the rate of 3.4 per cent to achieve an expansion of 25 per cent in industrial output in the next five years. Much more investment in plant and machinery and improvements in operating efficiency are needed if higher productivity is to be achieved.
- 4 Regional Policy: In the past, certain areas of the country have suffered from serious unemployment whilst in other regions, there has been a chronic shortage of labour. Effective regional policies to ensure a balanced distribution of employment in all

regions and full employment throughout the country are vital if the Plan's targets are to be achieved.

- 5 Public Spending: In the past public spending has not been adequately related to national output with the result that in some years it has caused a serious strain on our resources. Relating Government spending to national output is the fifth task which must be tackled.

Labour's policies are geared towards solving these problems. Over the whole field of government, the economic and social priorities of the Plan are the basis for action.

What We Can Achieve

THE BASIC AIM is a 25 per cent growth in output in the next five years. This will mean that the nation's total income in 1970 will be £8,000 million higher.

How is it planned to use this extra money?

The first call is to improve our balance of payments position and pay off our debts. This we must do year by year up to 1970. In 1970 this will use up £500 million of the extra money. The next basic requirement is to see that our factories, plant and equipment are kept up-to-date. About £1,500 million will be needed to do this properly. Altogether then, not much less than £2,000 million will be absorbed by the fundamental tasks of restoring our national solvency and keeping our industry up-to-date.

This leaves about £6,000 million for personal spending and Government spending on roads, schools, houses and all the social services. Most will go on personal spending – we shall have about £4,500 million extra in our pay packets in 1970, and this is even after allowing for tax! However, more public spending is needed as well.

Our population is growing and there will be many more young children and old people to provide for in the future, and these make especially heavy calls on our already overloaded social services. Unless we begin to provide for them now, and plan to continue to provide for them, there will be an acute shortage in our social services. There are already shortages. There are far too many sub-standard houses, schools and hospitals. By 1970 we shall be spending over £1,500 million a year more on jobs like this.

The Plan is not a rigid blue print for the next five years. It will be revised year by year as circumstances and social needs change. Nor does it claim that the target of 25 per cent will be necessarily achieved. Indeed throughout the White Paper it is clearly stated that *unless* the five key economic problems discussed earlier are overcome and *unless* all sections of the community co-operate to make the Plan a success then the targets will not be reached. It is a *Plan of Action* which depends on everyone in the country accepting it and making it work.

'To make the Plan work requires above all an acceptance of change. For the manufacturer changes in what he makes, what he sells and where he sells it; for the worker changes in what he does, where he does it and how he does it; and for all of us a different approach to prices and incomes. Changes will often mean disturbance and we must take care of the effect it has on individuals. But without change there can be no opportunities and no rewards.'

GEORGE BROWN – FOREWORD TO THE
NATIONAL PLAN

Industrial Training

THE NATIONAL PLAN emphasises the vital importance of achieving and maintaining a high rate of economic growth. This is dependent upon the implementation of effective policies for training and manpower, in a situation in which our labour force is likely to be smaller than we really need in the foreseeable future.

In the National Plan it is estimated that there will be a 'manpower gap' of 200,000 by 1970. The working population has grown and will continue to grow considerably more slowly than the total population in the period 1963-68. In the following five years, 1968-73, its growth will slow down substantially and the strain on our manpower resources will be even more severe. There are very acute shortages of men in particular skills and trades – engineering, construction, vehicle building, wood-working, etc. – and in some regions of the country. The need to ensure that the available labour force is rationally and efficiently deployed is overwhelmingly obvious.

Labour's Action

The Government is taking measures to increase the mobility of labour, and to ensure that the necessary changes are carried out with the minimum hardship to the individuals concerned. The Redundancy Payments Act is now on the statute books, and came into operation at the end of 1965. This provides for compensation to be paid to workers who have lost their jobs through redundancy. The Ministry of Labour's National Joint Advisory Committee is urgently studying ways in which occupational pension rights can be made fully transferable. Legislation for wage related unemployment benefits will be introduced in the present Parliamentary Session.

If industry is to be modernised, and the best possible use made of new technological processes, it is essential that more and more workers should possess a high degree of skill. The Government is therefore vigorously implementing the 1964 Industrial Training Act. Nine Industrial Training Boards – covering one third of all the employees in industry – have already been set up, and several more will have been established before the end of 1965. Within three years 30 Boards will cover the greater part of industry. The Boards are responsible for ensuring (for both adult workers and young people) that training facilities of a high standard are provided at every level in industry. At the same time the number of places in Government Training Centres is being rapidly expanded.

In 1963 there were 13 Centres with 2,500 places. By the end of 1965 there were 30 with a capacity of 6,000. The Minister of Labour has recently authorised the establishment of 8 more Centres. There will be an increase in the number of places to 8,000. Since most training courses last 6 months, this means an annual output of 16,000 trained men.

All of this will enable us to take full advantage of technical progress and the individual worker to make the best use of his abilities throughout his working life.

The Regions

'Within the framework of the National Plan, plans must also be worked out for the different regions of the U.K.'

LABOUR PARTY MANIFESTO

The years of Tory rule were marked by growing economic imbalance between the various regions of the United Kingdom. Employment grew fast in the South East of England and in the Midlands, but only slowly in Wales, Northern Ireland and the North West, while in Scotland and the North of England it scarcely grew at all. Three-quarters of all new jobs created between 1951 and 1964 were in the Midlands and South. Despite a drift of population from the North and West to the South and East the imbalance showed up sharply in different regional rates of unemployment.

But it was more than an 'unemployment problem'. Chronic unemployment inevitably leads to sustained emigration, and a decay of whole areas as the youngest workers leave. Chronic shortage of labour – the result of the heavy concentration of new jobs in the Midlands and the towns of the South – has created its own problems too. Housing shortages, soaring rents and land prices, longer journeys to work, and bigger traffic problems are among them. The increasing cost and discomfort of living in the showpieces of 'Conservative prosperity' in the Midlands and the South tended to increase further the differentials in wages and salaries with other regions. This only added to the migration as it made them appear more attractive places from outside.

Conservative Approach

The Conservative 'stop-go-stop' policies aggravated the situation. In the 'go' periods it was the overcrowded Midlands and South which ran up first against the pressures of labour shortage, overworked plant and machinery and rising production costs. These were the cause of the crises which panicked the Conservatives into deflation and 'stop'. The first regions to suffer from the 'stop' policies were, however, Scotland, Wales and the North. When the signal to 'go' was flashed again they had fallen even farther behind the Midlands and the South, and as a result did not revive as quickly. The gap between the regions grew.

Conservative attempts to mitigate the effects of this policy were limited to measures to combat localised unemployment. There was no appreciation of regional planning.

In their final twelve months of power the Conservatives, having clearly failed to plan balanced regional development, published what purported to be development plans for North East England and Central Scotland. Although these contained accurate analysis of the weaknesses of past policies their proposals did not amount to real planning. They did not assess resources, potential levels of production, new industries required to establish balance, skilled labour requirements, future redundancies as labour forces in local industries contracted and so on. They exposed the lack of planning in the past. They did not make good that deficiency for the future.

Labour's Approach

"To bring together the different tasks of regional planning, and the different Ministries concerned, Labour will create Regional Planning Boards, equipped with their own expert staffs, under the general guidance of the Ministry of Economic Affairs."

LABOUR PARTY MANIFESTO

LABOUR's experience of administering the old Development Areas immediately after the war suggested that the next stage should be the development of regional planning machinery. Where unemployment is high, the basic reason is a lack of balance in local industry. One area may rely too heavily on coal mines which are almost worked out. Another may be dominated by an advanced textile industry which depends for success on rising productivity, and can offer fewer and fewer jobs. Yet another may depend entirely on heavy primary industries which have lost world markets as developing countries begin to supply their own needs. Regional planning requires a survey of the human and material resources of these areas, an assessment of what new development they need to give balance and diversity to their economy, and the preparation of such development for self-sustained expansion in the future.

At the other end, in the overgrown areas in the Midlands and the South, the problem is not to find work but to find workers and

places for the workers to live. In these cases there is a need to check some of the expansion, to encourage firms to move to new areas, and to plan for the future housing and services of the population. These things are all closely linked. For instance, the great London boom in office building under the Conservatives added pressure to land prices, rents, overcrowded roads, buses and trains. It provided jobs in the centre of London, often actually destroying existing living accommodation. Office employees therefore had to travel from the suburbs every day at peak hours. Since London suffers from a permanent shortage of office workers many of these new employees came from other regions, adding their demands to the already inadequate supply of homes.

Labour Moves Fast

OFFICES – A stop has been called to the multiplication of office jobs in the Capital. Under the Control of Office and Industrial Development Bill, any proposal after 4 November 1964, to build new offices within 40 miles of Charing Cross requires Board of Trade approval. These powers have been extended to Birmingham and may be extended elsewhere.

FACTORY BUILDING – A tougher attitude is now being taken to applications for Industrial Development Certificates in areas already overcrowded and in regions already suffering from labour shortages.

REGIONAL PLANNING – New machinery for planning the development of the regions was announced by George Brown on 10 December 1964. Regional Planning Councils soon operated in six regions of England (North; North-West; Yorks and Humberside; E. Midlands; W. Midlands; South-West). Two final regions, East Anglia and the South-East, were designated on 4 August 1965. The Secretaries of State chair Planning Councils in Scotland and Wales. Members are widely representative of different types of experience within the region but not delegates or representatives of particular interests. They come from both sides of industry, from local authorities and from other local bodies. The regional plans on which they are working will ensure balanced development and the best use of regional resources. The Councils have no executive power, but they look into all aspects of regional economies.

Planning Boards have been set up alongside them, consisting of

representatives of the main economic ministries. The first of their reports – on the North-West and on the West Midlands – were published in July 1965. They were not final blueprints, but the first stage of plans developed through the fullest participation of people within the region.

The new regional plans are being drawn up in the regions themselves, and the necessary co-ordination both with the national plan and between the Ministries principally concerned in the regional plans is being provided by the Boards and by the Department of Economic Affairs, which has overall responsibility for regional planning.

Already the regional councils have been of vital importance in the transport field. The Minister of Transport, Mrs. Castle, is now referring proposals for line closures by the British Railways Board to the appropriate regional councils. They can assess the likely effects of closure bearing in mind the future transport needs of their regions according to regional development plans.

The National Plan outlines a series of measures designed to achieve effective regional policies. The Government will consult the regions when they are working out their investment programmes for roads, housing, etc. In housing they will try in particular to increase building in Scotland, Wales, and the Northern regions. A review will be made of population trends, the pattern of town and country, etc., up to the year 2,000, as a basis for long term planning of public investment.

Labour inherited the structure of the Conservative Local Employment Acts, 1960 and 1963, with their emphasis on first aid for high unemployment in small 'Development Districts' listed by the Board of Trade. Development in these areas is assisted by grants and loans or by the building of factories to let on favourable terms. These powers have had only a limited success because they have not operated in the right regional framework. The Conservatives' own studies on the North-East and on Central Scotland criticized the lack of regional spirit in the Development District idea.

For the time being Labour has to make the best use it can of the Conservative Acts, while reviewing the whole position. More cohesive areas are being granted Development District status, and aid is no longer switched on and off in response to shorter term changes in local unemployment levels. Powers to build factories are being more widely used. As early as its second month of

office the Government announced that 29 new factories were to be built in areas needing new industry.

Scotland

'A Labour Government will take full account of the Scottish people's pressing needs and active steps to meet them.'

SIGNPOSTS FOR SCOTLAND

THE BITTEREST comment on the Tory years in Scotland was the large number who left the country, most of them in search of work. Between 1951 and 1961 net emigration amounted to 280,000, 83 per cent of the natural increase in population. Despite this drain the number of unemployed in Scotland was frequently over 100,000.

The loss of population, continuing for such a period, has had bad effects on economic life for those staying behind. Generally, the youngest and the most highly skilled leave, as they have the best prospects of new jobs in England and abroad, while those who return are often retired people. This disturbs the whole balance of population and of skills in the labour force, and makes Scotland less attractive to industrialists wanting to expand.

As well as this national loss there has been a great deal of internal movement of population. Thousands have moved from the Highlands and from the Borders into the central industrial belt and into the towns to the North-East. The communities they left behind cannot maintain their existence if this drain continues.

Problem

Broadly speaking, there are two sets of problems. One is that Scottish employment is concentrated on the old industries of the first industrial revolution. These are either actually declining – sometimes because export markets in hitherto undeveloped countries are being filled by their own producers – or maintaining or increasing output with fewer workers.

The other is the special set of problems encountered by Scottish agriculture; a combination of 'land starvation' – with much good land preserved for grouse shooting and other sporting purposes – and difficult land; a tradition of bad landlordism, and

rising farm productivity on good land with the inevitable result of fewer jobs.

Tory policies did nothing to help Scotland. The 'stop-go-stop' policies were particularly disastrous, while their policy for the countryside was a series of surrenders to large landowners, whether it was farm price reviews and guarantees or land policy. In their final months they began the hurriedly drawn up 'development plan' for Central Scotland, published in a White Paper which consisted of accurate general analysis and the usual ineffective policies.

Labour's attitude

Labour saw that Scotland needed a national plan drawn up in conjunction with an economic plan for the whole of Britain – a plan for expansion and modernisation of industry, and for improving the social services and living conditions. Only a Scottish body could hope to assess the needs of Scotland, to see what industries are needed to form inter-dependent complexes of industry to guarantee self-sustaining growth, estimating redundancies in older industries and providing new jobs, etc. In conjunction with the D.E.A.'s regional planning programme, the Secretary of State for Scotland, Willie Ross, has set up a Scottish Economic Planning Board, and is himself Chairman of the new Economic Planning Council. Within the first few months of 1965 industrial development was already going ahead twice as fast as in the early months of 1964. Developments authorised in the first nine months of 1965 are bringing 19,000 new jobs to Scotland, mostly for men, the highest nine month total since the war. In addition, new 'advance factories' are being built by the Board of Trade.

Modern science-based industries are moving in. Silicones, electrical goods, computers and allied products are all being developed under new projects in Scotland this year. The key government research establishment located in Scotland, the National Engineering Laboratory, is being built up to give further support in the research field to the modernisation of the machine tool industry.

The D.E.A. is striking a new balance between regions and the Board of Trade is giving aid as well as using its negative powers. Industrial expansion in Scotland is therefore benefiting from the curb on expansion in the overcrowded South-East England and

the English Midlands.

Scots have long suffered from worse housing than most people in England. Labour has introduced a new and humane Rent Act and boosted construction of homes. For the first time since the war there were over 50,000 homes under construction in Scotland in September 1965 (50,554 in all). Building started on 32,770 new homes in the first nine months of 1965, another post-war record. Public authorities alone approved tenders on 25,781, a 46 per cent rise on the same period under the Tories in 1964.

Highlands and Islands Development Board

However, if industrialised Scotland alone were planned, this would merely aggravate the drain from the Highlands, Islands and Borders. These areas need special and quite new policies. A study of the Borders has been going ahead, but already the Government has made exciting new plans for the Highlands and Islands. Action was long overdue. As Willie Ross said: 'For 200 years the Highlander has been the man on Scotland's conscience.' The Highlands and Islands Development Act sets up a Development Board and a Consultative Council with wide executive powers.

The Board has wide powers to take action in the whole field of economic and social development, planning in co-operation with local authorities. It has ample powers to ensure the proper use of the nine million acres of land in the Highlands - it has power to acquire land and to manage it. In addition the Board can start and run any business or undertaking, provide advice and help to assist enterprises to succeed in the Highlands, provide grants or loans - with special arrangements to allow the crofter, hitherto lacking securities, to be helped.

Within a year of the election, the Board was moving into action, demonstrating to the whole of Britain that practical socialism offers new hope to men and women, crofts and communities forgotten for too long.

Wales

'We are convinced that the new approach we shall bring to public affairs in Wales will ensure that the next Labour administration is fully alive to Welsh interests and aspirations. With a senior minister representing the Principality in the Cabinet, the status of the people of Wales as a national community will be specifically recognised.'

SIGNPOSTS TO THE NEW WALES

THE STORY of post-war Wales has been happier than it was in the 1920s and 1930s, but the Principality still faces problems which were familiar then. The policies of the post-war Labour Government for the balanced distribution of industry guaranteed that the worst days of unemployment would never return. But, Conservative refusal to plan the economy meant that Wales continued to suffer from high unemployment. Consequently, there has been a continual drain on its skilled labour force.

The problems have been similar to those of parts of England and Scotland. Older industrial areas, heavily dependent on one or two industries, have suffered when those industries have declined in importance or when modern methods have drastically reduced their labour needs. Wales has some new industries bringing much-needed diversity to the economy, but there are not always enough new jobs in the right places. Unplanned development has led to the concentration of industries in a few parts of Wales, with continued overcrowded living conditions, while loss of population in other areas has led to the decline of whole communities.

It is the decline of population and migration to the towns or out of Wales which has been the besetting problem of the rural areas. Communities based on farming in difficult land, badly served by road or rail, were further set back by the Conservative refusal to plan – either transport, agriculture or the diversification of industry.

Labour's plan

In one election after another the Welsh people have shown their overwhelming conviction that the needs of their country require socialist policies. Only the Labour Party has recognised the part that Wales can and must play in a modern Britain. Only the Labour

Party is unequivocally committed to the continued development of the great nationalised industries on which the future of Wales heavily depends, to the spread of the electricity grid and the provision of gas services to more distant rural areas. Labour's proposals for what should be done with the new wealth arising from economic development, to improve education, health services and social security, make sense to the Welsh people.

Labour Action

The immediate effect of the election of a Labour Government in October 1964 was that Welsh affairs ceased to be a subsidiary concern of a busy Minister of Housing and Local Government. They began to occupy the whole time of a new Welsh Office, under a Secretary of State for Wales. For the first time Wales had a minister of its own in the Cabinet and quickly began to reap the benefits.

By Summer 1965 the Labour Government had approved about 90 new schemes for industrial expansion in South Wales, providing about 5,500 new jobs. The Board of Trade was taking action, with the Secretary of State's cooperation, building standard factories for letting to incoming industrialists. Counties like Caernarvonshire, Anglesey and Pembrokeshire, which suffered persistent unemployment under the Conservatives, have now begun to benefit. When the Pressed Steel Company vacated a large factory in Swansea, the Government itself searched for a suitable new tenant. Towns like Pembroke Dock, Merthyr, Tonyrefail and Ystalyfera, cut off from special aid by the Conservatives, again enjoyed Development District benefits and facilities after 5 March. On 12 April 1965, the first meeting of the new Welsh Economic Council took place, in Cardiff, as part of the Government's new programme for bringing every part of Great Britain into the process of planning the development of the economy. One of the most important tasks is to assess the nature of the British Railways Board's proposals for rail closures, to determine whether they would damage the economic and social life of the areas they now serve.

Wales is the cockpit of one of the economy's most crucial battles – the re-nationalisation of steel. Modernised and responsible to the nation it will serve an expanding economy well. Wales already houses the most modern steelworks in Europe, the Spencer works, operated by the nationalised steel company of Richard

Thomas and Baldwin. On 1 July 1965, the Secretary of State for Wales published a plan for two new iron ore terminals at Port Talbot and Newport.

Wales is benefiting from the general improvement in the economy and in welfare services over Great Britain as a whole. But it has also gained from other policies. The recent farming review gave assistance to those who really needed it – on difficult hill pastures in Wales, for instance. All Britain will gain from the Government's industrial training plans, and in Wales already there is a big increase in the number of school-leavers entering apprenticeships. Under the leadership of its new Welsh Office, the Principality will this year break all house-building records. At present rates of building 95,000 new homes will be built in Wales in 1965–1970 as compared with 72,000 in the previous years.

The problems of Wales are the result of a history far longer than the thirteen wasted years of Conservative rule. In fewer than thirteen months the Labour Government had attacked these problems. There is today new thinking in Wales, and a new energy springing from a deep faith in the democratic socialist solution.

4 THE PRICES AND INCOMES POLICY

'To curb inflation we must have a planned growth of incomes so that they are particularly related to the annual growth of production . . . (But) Unlike Selwyn Lloyd's notorious and negative 'pay pause', Labour's incomes policy will not be unfairly directed at lower paid workers and public employees; instead it will apply in an expanding economy to all incomes, to profits, dividends and rents as well as to wages and salaries.'

LABOUR PARTY MANIFESTO

THE ECONOMIC curse of the 1950's was inflation. Between 1951 and March 1963 retail prices generally went up by 39 per cent. For food alone prices increased by 54 per cent. The 1951 pound note was worth 13/4d. by the time the Tories left office. Such a rapid rise brought suffering to all those groups living on small incomes. An increasing number of pensioners had to rely on National Assistance because the pension became so inadequate. House prices rose so much that 80 per cent of the new houses built were too expensive for 90 per cent of the population. Eventually all groups in the country suffered. The sharp rise in British export prices caused by inflation reduced Britain's share of world trade. The balance of Payments crisis of 1964 made it necessary to control public and private spending.

Tory Methods

The Conservative remedy for rising prices was deflation. Through Budget squeeze measures – high taxes, strict controls on local authority's spending, etc. – they sought to create unemployment.

In this way they sought to cut total spending (since the unemployed amongst others could not spend so much) in order to stabilise prices. But deflation policies failed. Despite unemployment, prices still continued to rise. In January 1963, 861,047 were out of work. This figure rose to 932,946 in February. Within the same month the index of retail prices went up from 102.7 to 103.6 – a rise of almost 1 per cent in the cost of living in just four weeks. Despairing of their policies, the Tories tried a wage freeze to cut spending. On 25 July 1961, they announced a complete freeze of wages. There was no price consultation with unions and employers. Long established negotiating machinery was disrupted when the Conservatives rejected the Burnham Committee's recommendation on teachers' pay, refused arbitration to the non-industrial civil servants, and refused to accept the award of £1 per week to the Admiralty workers – most of whom were on less than £10 per week. This meant that the freeze fell on those least able to bear it – while, of course, dividends, rents, profits and top salaries were not affected. In February 1962, the Government announced a 'guiding light' of 2½ per cent for wage increases and a new National Incomes Commission was charged with examining the objections to particular pay rises. But by this time all faith in the policy had gone. It had proved unjust and had utterly failed to contain prices. Between July 1961, and February 1962, the Index of Retail Prices, which measures the cost of living, rose from 114.6 to 117.6 – an increase of 3 per cent in the cost of living.

Other Methods

The cure to inflation lies in a rise in productivity and industrial efficiency. But how is that higher productivity to be achieved? Certain leading trade unionists suggested that the answer was higher wage claims, which force employers to be more efficient. But in all the industries which the Prices and Incomes Board examined in its first month (Road Haulage, Printing and Bread) it was quite clear that higher wage claims did *not* force employers to become more efficient. The wage increases were simply passed on in higher prices.

There was the suggestion that increased competition was the answer to inflation. Some competition may be useful in helping to ensure that wage increases are not fully passed on but it is only a partial answer to the problem. But if all firms are affected by the

wage bargain, they will be tempted to put up prices all round. And that is precisely what happened.

Finally, some observers suggested that the remedy to inflation lies in doing something about the trade unions. But as the Chairman of the Prices and Incomes Board observed, like the other proposals, this is a one-sided remedy:

'In any organisation, there are the governors and the governed. In industry, the trade unions represent the governed. It is seriously suggested that what is wrong with British industry is the governed. Have the governors completely abdicated responsibility? Surely it is the Government of British industry which has to be looked at, including the governors, for they are parties to the determination of wages and they wholly determine prices.'

25 September 1965

To end inflation we needed a planned growth of *all* incomes so that they were broadly related to the annual growth of production. And to secure increases in *real* wages, salaries, etc., we needed a policy which dealt with all sides of the problem that is prices, incomes and productivity – unlike those remedies which dealt with only one side or the other.

To curb inflation there had to be a planned growth of incomes so that they were broadly related to the annual growth of production. This meant entering into urgent consultations with the Unions and employers concerned.

Labour Takes Action

ON 16 DECEMBER 1964 representatives of the Government, employers and trade unions agreed the 'Joint Statement on Productivity, Prices and Incomes'. Clause 12 which really summarises the whole purpose and spirit of the Statement reads:

'We – the Government, management and unions – are confident that by co-operating in a spirit of mutual confidence to give effect to the principles and policies described above, we and those whom we represent will be able to achieve a faster growth of real incomes and generally to promote the economic and social well-being of the country.'

By February agreement had been reached on the machinery needed to implement this policy. A board under the Chairmanship of Mr. Aubrey Jones was established, to examine changes in prices and incomes according to the principals in the second White Paper.

During this period two White Papers were published: the Machinery of Prices and Incomes Policy (Cmnd. 2577) and Prices and Incomes Policy (Cmnd. 2639). They set out the machinery for administering Labour's policy and the considerations which should be taken into account by all concerned with prices, productivity and incomes.

Prices and Incomes

The first White Paper accepted the need for a general review of prices and incomes in the U.K. economy. It stated that the National Economic Development Council should be charged with this work. The White Paper continued:

'The Government have discussed with management and unions the practical problems involved in establishing machinery to investigate particular cases of price and income behaviour and with their agreement now propose the setting up, under Royal Warrant, of a national board for prices and incomes working in two separate divisions to be known as the Prices Review Division and the Incomes Review Division respectively.'

It then outlined the composition of the Board and went on to state the principles guiding the work of the Board on prices:

'In principle the Prices Review Division will be able to investigate any price or group of prices (manufacturing, wholesale or retail) of goods and services in private industry and in

nationalised industry. Both particular cases of price changes and cases in which there has been no change although *prime facie* some reduction appears to be warranted will be covered.'

The principles for investigation of incomes were to be as follows:

'In principle it will be desirable to investigate claims with settlements relating to wage and salary increases, reduction in hours and other improvements in conditions of service whether in the private sector, the nationalised industries or the public services; cases in which a re-valuation of pay levels or an overhaul of the pay structure seems to be indicated for economic or social reasons; the level of earnings in an industry or sector; and, where appropriate, cases of increases in money incomes other than wages or salaries.'

As with prices, the Government will retain direct responsibility for all references to the Board of claims, settlements and other questions concerning incomes.

Cutting Prices

The second White Paper laid down the criteria by which the Prices Division and Incomes Division were to judge the cases which came before them. The following circumstances were laid down as properly leading to price reductions:

- (a) When output per worker is rising faster than income per worker without any substantial and unavoidable increases in non-labour costs to offset.
- (b) When costs of materials, fuel and services per unit of output are falling without any offsetting rises in labour or capital costs.
- (c) When capital costs per unit of output are falling without offsetting cost rises elsewhere.
- (d) When profits are based on excessive market power, i.e. the monopoly firm.

Businesses will not be expected to raise prices unless (a) output per employee cannot rise fast enough to pay decent incomes and there is no room for cutting other costs or profits; (b) there are unavoidable rises in non-labour costs, e.g. materials, fuel, marketing services, etc. – which cannot be offset by reduced labour costs, reduced capital costs or reduced profits; (c) there are unavoidable increases in capital costs, e.g. machinery, buildings, etc., which cannot be offset by economies elsewhere.

Fair Incomes

On the other hand exceptional pay rises can be justified only in the following circumstances

- (a) Where workers concerned accept a major change in working practices, making a direct contribution to higher productivity. (Even here some of the saving should go to lowering prices.)
- (b) Where a change in the distribution of man-power is needed in national interest and the pay increase is an unavoidable way of doing this.
- (c) Where existing income levels are too low to maintain a reasonable standard of living.
- (d) Where the pay of a particular group has fallen out of line with pay in similar occupations elsewhere and has to be improved in the national interest.

The Prices and Incomes Board

THE BOARD is concerned with three factors in the economy: productivity, prices and incomes. The first of these is its prior concern.

'The first question which I intend to ask myself, no matter whether it is a reference on prices or on incomes is: "What is the scope for further increases in productivity in the industry and is there anything the Board can do to help realise these increases?" I have to ask myself this question because this is fundamental if we are to make possible both a reduction of prices and a faster increase in earnings . . . We (the Board) will seek, wherever we can, to foster the real growth of output in industry where prices or wages are referred to us. And in trying to do this I shall have to comment impartially on whether the room for improvement lies primarily with management, labour or the Government.'

AUBREY JONES - 10 June 1965

With prices, the Board has to ensure that where productivity is rising fast, the increase does not just result in larger profits. It will be concerned to see that the benefits are passed on to the firm's workers and to the consumer.

With incomes the Board will take a wider view of the implications of a particular wage increase than either the employers or the unions. Will the particular increase lead to widespread demands for a general increase in wages or is the increase designed to level up the wages of a group of workers who have fallen behind?

The Board Starts Work

The first cases were referred to the Board on 14 May 1965. They were three price cases - standard bread and the flour used in its manufacture, soap and detergents, and road haulage rates.

Prices were chosen deliberately as a beginning. The price function of the Board had to be the first to be seen in operation if the incomes side of the Boards' work was ever to be fully accepted.

On 28 June 1965, the Board issued its first report - on Road Haulage Rates. Despite the short time it had to compile the report, the whole question of Road Haulage Rates had been thoroughly examined.

It found that the last three rate rises by the Road Haulage Association had amounted to 13 per cent. Yet the cost increases during the same period (fuel and vehicle tax increases and wage rises) – the ones which the Association had been claiming justified the price increase – amounted to only 9 per cent.

So the Board concluded that the further 5 per cent rise which the Association was seeking was unnecessary and accordingly it recommended Road Haulage customers not to pay the higher rates. It also recommended that the whole system by which the Road Haulage Association proposed general rate increases should be abandoned. This system meant that the more efficient firms were not able to offer lower prices, so that, in effect, none of the improvements in productivity and efficiency in any firm could be passed on to the customer.

The results of the report were felt at once. The Road Haulage Association agreed to abandon the principle of recommending general rate increases to their members. And many companies, acting on the Board's advice, refused to pay the higher rate. I.C.I., for example, sent letters to its divisional transport managers telling them that the company's policy was to support the Board's 'don't pay' advice.

Incomes Policy — and Some Criticisms

IN THE first few months of the Labour Government some substantial wage increases occurred. Critics claimed that Labour's Incomes Policy had failed. But the policy was not finally established until the publication of the 'norm' in April. In any case, Labour always argued that before an incomes policy could begin to operate effectively, it was vital to create the right 'climate'. That meant first creating a new tax system in which *all* forms of income would be included. The Finance Bill, with its new arrangements for taxing Capital Gains only passed through Parliament in July. Neither the Capital Gains Tax nor the Corporation Tax will become fully operative for some time to come.

A further criticism which has been made is that the policy does not ensure that the poorer paid sections of the community are treated fairly and that when they apply for wage increases they will not receive fair treatment. The White Paper on Prices and

Incomes Policy made it quite clear that pay rises above the norm will be recognised as essential 'where the pay of a particular group has fallen out of line with pay in similar occupations elsewhere and needs to be improved in the national interest'.

Delegates to the 1965 Labour Party Conference devoted a session to discussing the need to give statutory powers to the Board. There was some confusion as to the nature of the powers sought. The policy is based upon *voluntary* agreement – there could be no other basis for a policy which seeks to encourage both sides of industry to improve productivity, for it depends basically upon the willingness of management and men to accept changes. As a result there is no intention that decisions of the Board should be enforced by statute. However, the Board (and so a prices and incomes policy) cannot work effectively unless it is provided with adequate information. It was merely to ensure that the Board was provided with these powers of access to information that the proposals for a statutory prices and wages early warning system were introduced.

* Tory economists argue that the only way to stabilise prices is to have unemployment. In fact prices actually rose faster in the period when Tory policies produced rising unemployment. Labour has preferred to develop a comprehensive productivity, prices and incomes policy. Labour has chosen the second because it represents the most sensible and fairest policy. However, its success will depend upon whether the whole community can be persuaded to implement it – for essentially it is a policy which will be implemented by men on the shop-floor.

Taxation

'An essential support to a fair incomes policy will be a major overhaul of our tax system. Taxation must be fair and must be seen to be fair.'

LABOUR PARTY MANIFESTO

THE effect of tax changes in the 13 years of Tory Government had been to shift more and more of the burden of taxation from the richer sections of the community to the poorer. A man with a wife and two children under 11 years of age earning £11 a week had received no benefit from all the tax changes since 1955. But he had to pay over £18 a year more in national insurance con-

tributions. A man with the same family circumstances earning £5,000 a year was £880 a year better off due to tax changes since 1955 and the £10,000 a year man was over £2,000 better off. Clearly, the system had to be reformed and made more fair.

Labour's strategy

In a single sweep and with one of the smallest majorities ever recorded in Parliamentary history, Labour introduced three giant tax reforms:

- (1) the Corporation Tax;
- (2) the Capital Gains Tax;
- (3) a completely new system of business expense taxation and;
- (4) put an end to the covenant racket.

The Corporation Tax

'This is the most fundamental of the tax reforms in this Budget. It is a new landmark in our fiscal history such as we have rarely been able to create in this country save under the stringent needs of war.'

THE CHANCELLOR

WHY WAS it needed? For a long time our tax system has recognised the distinction between personal and company income tax and has treated them differently. The former has been graded and differentiated according to the circumstances of each taxpayer. The latter has been shaped by the introduction of a profits tax imposed on the whole profits of the company whether or not distributed and it was not repayable to shareholders. By formally separating the two taxes, our system has been brought into line with reality and adopted what has become the general practice throughout the world. Having separated the two kinds of taxes – companies and personal – it has become possible at last to apply to the company tax structure through-going principles of economic growth and efficiency.

The new Corporation Tax has two main advantages. Firstly, it will greatly encourage companies to plough back more of their profits for investment in new plant and machinery. Every pound distributed will attract income tax and possibly also surtax in the hands of the shareholder. On the other hand, no further tax will be charged on profits ploughed back in the form of additional

investment; the Corporation Tax will have the direct effect of increasing the ability of firms to modernise.

Helping the Balance of Payments

Secondly, the Corporation Tax will have a beneficial effect on the balance of payments. The old tax system discriminated in favour of income from overseas. A company could get 'credit' for overseas tax paid on its profits, so that it was possible for the shareholders not to have to pay a single penny of British income tax on their dividends. The result was that in many years there were large exports of finance capital which caused a serious strain on the balance of payments. In future 'double tax relief' for overseas tax paid by a company operating abroad will be confined to the Corporation Tax due by the company. But in order to alleviate any hardship on shareholders, generous transitional relief has been provided to extend over a period of seven years. These changes are not intended to stop overseas investment but to reduce the outflow by discouraging the less-profitable ventures which tend to be undertaken under the existing tax arrangements.

Finally, the Corporation Tax will help to remove a number of serious anomalies in the present system and will establish much more clearly the true burden of tax falling on companies and on individuals. For example, the Inland Revenue has found itself in the past being compelled to repay many millions of pounds of tax to shareholders which it never in fact received. This is just one of the many anomalies which will be rectified.

The Capital Gains Tax

'In particular, we shall tax capital gains, and block up the notorious avoidance and evasion devices that have made a mockery of so much of our tax system.'

LABOUR PARTY MANIFESTO

It is accepted nowadays that capital gains are income in just the same way as a salary or wage. In the highest income brackets it was easy to convert income into capital gains. Yet, under the old system earnings were taxed at full rates while capital gains were subject to almost no tax. The Tory capital gains tax only covered gains made within a six month period, so that in practice most speculation on the Stock Exchange continued to escape all tax.

The new Capital Gains Tax will be levied on gains realised on all assets, with limited exceptions, the main ones being an owner-occupied house and goods and chattels for not more than £1,000.

Under the new tax a distinction will be made between short- and long-term gains. Gains disposed of within 12 months will be treated as ordinary income and taxed at an ordinary income tax and surtax rate. Assets held for longer than 12 months will be taxed at a flat rate only. The flat rate for the year 1965-6 will be 30 per cent.

One very important concession was introduced in the long-term Capital Gains Tax. The rate of tax on long-term gains has been fixed at 30 per cent, but many taxpayers will pay very much less. For any taxpayer can choose the alternative basis of assessment which treats half his capital gains as ordinary unearned income (up to a maximum of £5,000 in any one year). In many cases, where the rate of tax is small, the rate of Capital Gains Tax will be even less.

In addition a number of items are exempt or receive concessionary treatment under the new Capital Gains Tax. For example, pension schemes and life assurance policies are exempt. The first £10,000 of gains arising from the disposal of a business on the retirement of the owner, or from the disposal of the shares in a family company in which he has been a working director are exempt. So also is a person's own residence and any house he provides for his or his wife's dependent relatives. No tax will be charged on the disposal of the good will of a business where the proceeds are re-invested in the good will of another business of

the same kind. Charities are exempt and there is provision to ensure that no double taxation is charged on an individual because he has invested his money in a unit trust.

Taxes and Business Expenses

Expense account living had often reached a scandalous scale. The time had come to apply a radical solution to a problem which was not only a fiscal but also a social one. The scale had been fantastic. The *Evening Standard* estimated that 'five days a week seven out of every ten lunches in West End hotels and restaurants are business lunches.'

The Government statisticians accepted that business expenditure accounted for 10 per cent of all consumption of wines and spirits (about £50 million in 1962).

The Chancellor announced that subject to limited expenses for the entertainment of overseas buyers, expenditure on business entertainment would not be any longer exempt for tax purposes. At the same time, allowances for business cars were cut. Of course, this will not prevent firms from continuing to entertain on a lavish scale if they want to, but at least taxpayers will have the satisfaction of knowing that these expenses are paid for out of company profits and are not being heavily subsidised by the Exchequer.

Monopolies and Mergers

'Labour will give teeth to the Monopolies Commission, control take-over bids and mergers.'

LABOUR PARTY MANIFESTO

THE power of the monopolists increased rapidly after 1956 as a direct result of Conservative action. The 1956 Restrictive Practices Act emasculated the Monopolies Commission: take-over bids, by evading the Act, became the most convenient method of maintaining restrictive practices against the public interest. The Monopolies Commission took, on average, three and three-quarter years to issue a report, and few monopolies, however inefficient or restrictive, could be investigated.

The bankruptcy of their policies and growing public opinion brought a change in professed attitudes. On 15 January 1964, Mr. Heath made a statement announcing the intention to ban individual resale price maintenance (which had been reinforced by the 1956 Act) and to act on monopolies and mergers. He managed to publish a White Paper on the latter, but the fight with the small shopkeepers over R.P.M. disinclined the Government of the day from tackling their own financial backers, the big industrialists. The Tories adopted Labour policies but had not the courage to act on them.

Labour's Attitude

Labour policy has been consistent since the first post-war Labour Government passed the Monopolies and Restrictive Practices Act of 1948.

On 3 March 1965, Douglas Jay, President of the Board of Trade, introduced a Monopolies and Mergers Bill. This received Royal Assent on 5 August. As Mr. Jay explained, the Labour Party, unlike the Liberals, are not against monopolies and mergers in themselves. The resultant economies of scale and the possibility of mass-marketing may be of advantage to the consumer. But if monopolies and mergers are formed wholly or mainly in order to restrict competition and put up prices, action must be taken in the public interest. The Act, in Mr. Jay's words, is 'to ensure that public control is substituted for pure market forces in deciding in a certain number of cases whether they (monopolies and mergers) go forward or not'.

The main features of the Act are:

- 1 To enlarge the Monopolies Commission from ten members to twenty-five.

It will be empowered to work in groups and is to deal with several references at once. This should mean that reports will be made far more quickly than in the past and more monopolies or really dominant firms can be investigated.

- 2 To allow the Commission to investigate services as well as goods.
- 3 To give the Government improved powers to act on the Commission's reports. For example, it will be possible to require price lists to be published, to fix prices and even to dissolve a monopoly, subject to Parliamentary approval.
- 4 To ask the Commission to give general reports on restrictive practices. This power was removed by the Tories in 1956.
- 5 To give the Commission power to investigate mergers, including newspaper mergers. Firms to be taken over with assets worth more than £5 million are within the Commission's orbit.

The first action under the new legislation was on 20 August 1965, when the proposed B.M.C./Pressed Steel merger was referred to the Monopolies Commission. A report is to follow in February.

Sometimes the increased efficiency of industry will be achieved by promoting competition. This is where the new legislation is important. In other cases, technological developments may require larger units, and here the Government is willing to initiate the necessary changes as the National Plan explains.

The Labour Government's approach to monopolies is governed by the need to promote economic efficiency and by the wish to help the consumer. The 1964 Resale Prices Act came into force on 30 April 1965, and although very many firms have applied for exemption and can therefore continue to maintain their prices until the cases are heard in the Restrictive Practices Court, many prices have already come down in the shops. Now firm action on monopolies and mergers will ensure that in this field, too, the housewife will not have to endure unnecessarily high prices.

Consumer Protection

'Labour will make sure that the consumer gets better value for money by attacking selling rackets of all kinds, by ensuring that goods are independently tested and accurately labelled. It will also publicise good quality standards.'

LABOUR PARTY MANIFESTO

MORE THAN one in four furniture buyers are disappointed with their furniture. This was the finding of a survey commissioned by the Government-sponsored Consumer Council. It is clear from this, and many other instances, that we have a long way to go in consumer protection.

The Labour Government aims not only to protect the consumer from abuses and exploitation and give redress where they occur, but also to see the consumer gets satisfaction from the start. Long before the Molony Committee on Consumer Protection reported in 1962, the Labour Party had put forward proposals to set up a Consumer Council, to reform the hire-purchase law, and to ban individual resale price maintenance.

In their last year of office, when they were looking round for something to do, the Tories introduced legislation to deal, at least to some extent, with the latter two points. In March 1963 they had established a Consumer Council with limited powers and a limited budget.

Labour's Plan

The Labour Government puts a rather higher priority on consumer protection. Although the pressure on the Parliamentary time-table made it necessary to defer its introduction, a Bill to revise and amend the Merchandise Marks Acts will be introduced in the current Session. This will make sure that trade descriptions are neither false nor misleading and will apply to services as well as goods. Perhaps even more important, it will cover oral as well as written descriptions. The Government is relying on the Advertising Standards Association to enforce their Code of Advertising Practice voluntarily, but the new legislation will cover advertisements too. The Government banned cigarette-advertising on television from 1 August 1965.

Consumer protection can take many forms. The Government's part is to introduce and ensure the enforcement of legislation appropriate to modern standards. That is why the revision of

the Merchandise Marks Acts is so necessary. Another aspect has been to encourage the recruitment and training of weights and measures inspectors to overcome the current shortage.

But consumer protection is not achieved solely by legislation. Much can be carried out on a voluntary level, and for this reason the Government has increased the Consumer Council's grant and encourages it strongly in such activities as a voluntary labelling scheme. It has also encouraged the setting up of more Citizen's Advice Bureaux. The eventual aim is to have one in every town. Our larger cities will need several. The experiment in Sheffield, where the Weights and Measures Department now includes a Consumer Protection officer so as to unify and co-ordinate all consumer protection in the area, is being watched with interest.

So far as food in particular is concerned, the Minister of Agriculture, Fisheries and Food, Fred Peart, has issued regulations for the labelling of many basic foodstuffs. His proposed Meat and Livestock Commission should prove invaluable in giving the consumer both more information about meat and more regular supplies and prices. The Brambell Committee report on factory farming has just been published and the Government are considering it.

Labour is acting

It is impossible to protect the customer from buying something he or she does not want, or which is of lower quality than that desired. Common sense and the law of 'buyer beware' must still prevail to some extent. But where modern methods of production, mass advertising and the desire for high profits at the expense of quality are likely to produce abuses which the individual cannot counteract, the Labour Government must act and is already acting.

5 THE PUBLIC SECTOR

'The public sector will make a vital contribution to the national plan . . . Major expansion programmes will be needed in the existing nationalised industries, and they will be encouraged, with the removal of the present restrictions placed upon them, to diversify and move into new fields . . .'

LABOUR PARTY MANIFESTO

NEARLY A quarter of the working population is now employed within the public sector: the nationalised industries alone account for more than 12 per cent of our gross national product. Conservative Governments helped to create this public sector, and in recent years they have made few efforts to sell off their inheritance. In response to private pressure groups they sold most of steel and some of road haulage – the B.R.S. trunk services were retained because the Association of British Chambers of Commerce told the Government that private hauliers could not possibly supply their needs. Nevertheless the Conservatives have consistently sought to denigrate the nationalised industries and undermine the morale of those working in them.

They appointed almost all of the men who ran the industries, their policies and attitudes towards the industries placed limits upon their development and on occasions, as D. L. Munby revealed in *The British Economy in the 1950s*: 'Ministers continued to intervene in details of management without taking responsibility for failures of policy . . . the responsible Ministers lacked . . . any adequate supply of personnel capable of handling these problems'.

Tory Restrictions

1 The recent trend has been for large firms to expand and diversify their activities. Conservative hostility and legislative prohibition prevented this in the case of the nationalised industries, and so, although often faced with monopoly suppliers, they were unable to organise their own manufacture.

The 1962 Transport Act, indeed, separated the railways from their traditional ancillary activities (hotels, buses, docks, etc.) and set up the Transport Holding Co. to manage them together with British Road Services, Thos. Cook's and Pickfords, etc., which had been under the supervision of the British Transport Commission.

The Company was forced to pay all but £3 million of its first year's profit of £13 million direct to the Treasury and its first annual report complained that '... artificial restrictions on growth would rapidly blunt the spirit of enterprise upon which profitability throughout the undertaking must depend ...'

Unfair Competition

2 The Conservatives believed that the nationalised industries should compete directly with private industry and took steps to increase the competition that they had to face, although it was aware that they are immediately handicapped by what its own White Paper called 'the onerous national and non-commercial obligations which the Boards are expected to carry'. (*The Financial and Economic Obligations of the Nationalised Industries, 1961*, p.6) An obvious example is the B.E.A. flights to the Scottish Islands – for which they receive no subsidy.

This did not satisfy the Conservatives – so they created even more difficulties for the nationalised industries. For instance, British Railways, even in the Beeching era, was hamstrung. After they had *successfully* tendered against private firms for contracts to build tank wagons for Shell-Mex & BP, and for cement carriers, the Minister of Transport refused to allow them to take them up, despite redundancy in the railway workshops. At first he sheltered behind an ambiguous clause in the Transport Act, 1962. The High Court ruled that this was no bar. Mr. Marples then admitted that his decision was based on Government policy. It was, in fact, an act of pure political prejudice.

This was a dramatic illustration of the Conservative attitude to the nationalised industries: they must compete, but not too successfully.

Government Meddling

3 During economic crises the Conservatives used the nationalised industries to offset the fluctuations of private industry. Their prices were controlled, others were not. They were instructed to cut or increase their investment to suit the Government's and not their own economic needs. The Tories themselves conceded that they had contributed substantially to efforts to stabilise prices and their own financial position had suffered in consequence.

Despite these handicaps most of the public corporations in 1964-5 achieved financial results which exceeded the target figures set by the Conservative Government in their 1961 White Paper and the gas industry, for one, made record profits.

With the removal of restrictions and with a government that believes in sensible economic planning, the public sector should at last be able to play its part as the bedrock of British economic progress.

Fuel and Power

'We will have a co-ordinated policy for the major fuel industries.'

LABOUR PARTY MANIFESTO

THIS COUNTRY relies for its energy requirements on the nationalised coal, electricity and gas industries, and on the oil companies, one of which (B.P.) is 50 per cent Government owned.

They are amongst the largest industrial enterprises in the country, employing about a million people and with a total annual output to the value of £3,000m. Their capital investment, more than £1,000m. in 1965, represents one-sixth of the country's total investment each year.

All have considerable achievements to their credit. Over the last five years they have achieved high rates of productivity increase and fuel prices have risen rather less than the general level of prices. They have achieved a number of outstanding advances in technology. The electricity supply industry sets the pace in the introduction of very large conventional generators and in the use of nuclear power, the most recent success being the development of the advanced gas cooled reactor. The N.C.B. has now opened the first fully automated coal mine in the world.

In the years of fuel shortage after the war expansion was the major problem, but as fuel supplies have increased other factors (such as the preferences of consumers and the balance of payments) have taken precedence. It is not yet possible for the industries to make a final assessment of the effects of the bewildering changes that have occurred.

Investment in electricity proved inadequate to cope with phenomenal increases in demand in the early 1960s, whilst on the other hand the plans of the late 1950s to expand coal production to 240m. tons a year have proved far too optimistic.

The gas industry, whose future looked so modest, has been transformed by the development of oil based processes and imports of cheap natural gas from Algeria. The present explorations in the North Sea may yet lead to even more rapid growth. To enable the gas industry to take advantage of the latest developments its organisation is being strengthened by legislation and it will be enabled to develop facilities for underground storage. Its annual rate of growth has quadrupled in the last half dozen years.

The oil industry has been encouraged to develop refineries in this country, so saving foreign exchange by importing crude rather than refined oil. As a result, by 1970 we shall be exporting more refined oil than we shall be importing.

Working together

A start has been made towards greater co-ordination of their activities and to break down the 'independent empires' which had developed. A joint research organisation has been created and all the industries are represented on the Ministry of Power's Energy Advisory Council. This bears much of the responsibility for the national fuel plan. The plan was announced in the White Paper 'Fuel Policy' published on 21 October 1965.

The gas and electricity industries have agreed to revise upwards their consumption of coal in 1965-6 and coal will be granted a 5 per cent preference in the heating of public buildings. This should increase the market for coal in the short term by up to ten million tons a year. The National Coal Board has also been relieved of £10 million of replacement costs and £400 million of its capital debts; and special financial help will be given to help speed the closure of pits and to keep down prices. In the long run, a smaller but more efficient coal industry will

play a major part in the success of the national fuel policy. Although the manufacture of gas by the carbonisation of coal will soon cease altogether, coal will remain for some time ahead the chief supplier of primary fuel to the growing electricity industry.

The Science and Technology Act has already enabled the Atomic Energy Authority to extend its interests and has reorganised its production activities on a more commercial basis. The Advanced Gas-Cooled Reactors (AGR) developed by the C.E.G.B. have been accepted for the Second Nuclear Power Programme.

The greater co-operation between the fuel industries which the Government is encouraging and the integration of their investment programmes will ensure that the country gets the power that it needs as efficiently and cheaply as possible.

Steel

'Private monopoly in steel will be replaced by public ownership and control'.

LABOUR PARTY MANIFESTO

STEEL is an industry basic to the economy and an important component of many of our exports. All parties agree that the structure and performance of the industry leave much to be desired. But only the Labour Party has presented positive proposals for achieving the necessary improvements in its White Paper 'Steel Nationalisation', published on 30 April 1965.

The Record

The Conservatives, for purely doctrinaire reasons, dismantled the previous nationalised corporation and replaced it with private ownership under ineffective public supervision. Yet all the evidence is that little can be achieved without reorganisation, regrouping and rationalisation. All this is proved impossible without nationalisation.

The industry has grown steadily less competitive. Relative productivity has fallen. Its share of world exports has fallen. The 'record' figures of 1964 were the result of a general growth in world trade: the more disturbing record was for steel imports, which cost us £106 millions.

The steel industry has been slow to pioneer new methods or even to adopt those developed abroad. With the L/D oxygen

converter process, first used by the Austrian State enterprise, it was the still-nationalised firm of Richard Thomas & Baldwins which eventually led the way.

The recent attacks on this company have been scurrilous. The reason for its losses over the last two years has been the expenses of the Spencer Works near Newport, the most modern integrated strip mill in Europe. (Colvilles have suffered comparable losses with their much smaller and more conventional new Ravenscraig Mill). When it was thought that Richard Thomas & Baldwins was about to be de-nationalised in 1960, the Investors Chronicle declared 'by any standards this looks like an outstanding growth concern'. Mr. Barber, Mr. Macleod's chief lieutenant, admitted in the House of Commons, 'Richard Thomas & Baldwins is an extremely efficient firm which has been doing extremely well'.

Monopoly Exposed

When the Conservatives denationalised the industry they set up the Iron and Steel Board 'to exercise a general supervision over the iron and steel industry, with a view to promoting the efficient, economic and adequate supply *under competitive conditions* of iron and steel products'. Conservative speeches at the time and since have shown that their definition of 'competition' was a very restricted one. For example, the Board was given power to veto new investment projects which might create dangerous pressures towards competition.

The Board, for instance, acquiesced in the arrangement whereby the companies agreed to fix selling prices at the level of the *maximum* prices laid down by the Board. It apparently believed that real competition was an impossible dream. In June 1964 the Restrictive Practices Court ruled that the steel companies' price-fixing agreement for heavy steel products (and by clear implication all the other agreements) were contrary to the public interest.

The principal argument used against nationalisation collapsed overnight. The industry's claim to be competitive was crushingly refuted and the failure of the Iron and Steel Board to do anything about it highlighted. It was not surprising – steel is a natural monopoly and the steel masters are bitterly opposed to competition.

A Director of Dorman Long's confessed in November 1962,

'We (in the steel industry) are undoubtedly too complacent

and resistant to change, believing that things will carry on much the same as they have always done – a silly view at any time but, with greater competition from the Continent, a very dangerous one’.

Labour's Case

Labour says there must be change in the steel industry and that nationalisation is far and away the best way of getting it. There must be a change of management to make the industry responsible to the national interest and not to shareholders' profits. Conditions of maximum efficiency must be created by rationalisation and modernisation in a way which has not been achieved in the last ten years. Production units must become larger in order to achieve economies of scale. We must get away from the present system of private enterprise without price competition, which has been condemned by the Restrictive Practices Court. If steel is to play its part in the expansion envisaged in the National Plan, on which our future prosperity depends, it will be necessary to rectify the industry's deplorable performance in production, especially for export.

The Labour Government remains determined that steel will play its part in that Plan. In the present parliamentary situation renationalisation would be an arduous and time-consuming operation which would hold up many other important parts of the Government's programme. For this reason, as Mr. Callaghan put it in closing the debate on the Queen's Speech in November 1965, '... we shall undertake the necessary reorganisation of this industry when we have the majority to do it.'

The Airlines

COMPETITION between the world's airlines has grown steadily fiercer since the war, but Britain's nationalised corporations have more than held their own. B.E.A. has remained one of the largest and most successful European airlines and has made profits in nine years out of the last ten. B.O.A.C.'s financial results have been less pleasing. This is partly because of the generous subsidies paid to foreign airlines by their Governments for prestige reasons – which has encouraged the number of competing airlines to grow faster than the number of passengers

wanting to fly in them. But it is also partly because of uncertainties at the top as successive chairmen grew disillusioned with the burden placed upon the Corporation by the Conservative Government and were replaced. The Government has recently stabilised the financial structure of B.O.A.C. by means of the Air Corporations Act. This writes off £110 million of the Corporation's accumulated deficit, which had grown because of the obligations put upon it by the Conservative government. The Conservatives had, in fact, accepted the need for such a measure.

The Civil Aviation Act passed by the Labour Government in 1946 reserved to the Corporation the right to provide scheduled services. At the same time it provided opportunities for the 'independent' companies – and successive Labour Ministers widened the opportunities offered – and gave them a distinctive role to play in the development of British aviation. They provided specialist facilities – car ferries, low cost holiday travel – the 'inclusive tours', 'feeder' routes and interprovincial services which are complementary to the trunk routes of the Corporations, and ad hoc chartering and trooping. They were valuable in coping with the extra traffic generated at peak periods and they provided a market for aircraft which were no longer suited to international routes and which were sold to them by the Corporation.

That this division was broadly right is shown by progress since then. The Corporations have been very successful in an increasingly competitive field. Only powerful organisations like the Corporations can afford the complex and expensive aircraft demanded or can negotiate, as they must, with foreign Governments on matters affecting the routes to their countries. The ability of the Corporations to plan ahead in placing orders for advanced British aircraft has also been vital to the development of that industry. The maintenance of the Corporations as the main national instrument of British civil aviation is clearly essential. Any division of the British effort would be foolish – but in 1960, in the Air Transport Licensing Act, the Conservatives allowed the independents to compete on scheduled services to 'provide an additional impetus for efficiency', as if the fierce competition of foreign countries was not enough. Even the Conservatives realised the foolishness of the argument because two years later, when a private company bought two Boeings and then failed to win a licence to operate them across the Atlantic,

the Government encouraged them to merge with B.O.A.C. and justified the merger on the grounds of the 'fierce competition' faced on the North Atlantic routes. The merger got the private company out of a hole – and was described by *The Economist* as almost 'a gift of public assets to private investors.'

In no other country had a national airline to suffer a government active against its interests. On 17 February 1965, the Minister of Aviation announced that the balance would be restored. The inclusive tour charter services will still be operated by independent companies and they will be free to continue flying in competition with the Corporations on domestic routes, but no extension of their scheduled services is to be anticipated. Competition on international routes will be discouraged. At the same time any operators who wish to provide a genuinely new service or to open up a fresh market for British aviation will be encouraged to do so.

6 SCIENCE AND TECHNOLOGY

'If we are to get a dynamic and expanding economy, it is essential that new and effective ways are found for injecting modern technology into our industries.'

LABOUR PARTY MANIFESTO

THE LABOUR PARTY came to power pledged to give a renewed impetus to science in this country and in particular to ensure that the results of the basic research carried out by our scientists should be widely known and adopted in industry.

Labour therefore set up the Ministry of Technology with the general responsibility of guiding and stimulating a major national effort to bring advanced technology and new processes into British industry. The Ministry is responsible for the Atomic Energy Authority, the National Research Development Corporation, the industrial research responsibilities of the Department of Industrial and Scientific Research and the sponsorship of the machine tools, computer, electronics and telecommunication industries. This marks the beginning of an essential concentration of the Government's power and resources.

The first major legislation from the Ministry was the Development of Inventions Act which increased from £10 to £25 millions the funds available to the N.R.D.C., and also gave it greater freedom in the handling of its finances. The money was primarily for ideas of immediate interest to industry, though N.R.D.C. will continue to finance inventions with a long term future, like the hovercraft. The Corporation will also increase its risk-and-profit sharing development contracts.

The Chairman of N.R.D.C. will now sit on the Atomic Energy Authority and co-operation between the two bodies will be greatly extended. The A.E.A. has also been given scope for greater initiative and allowed to extend its activities. Its recent successful development of the Advanced Gas-Cooled Reactor system for our new nuclear power stations should enable us to keep our lead in the use of modern power to generate electricity. We already have more nuclear generating capacity than the rest of the world put together.

The Ministry of Technology has been given power to authorise the A.E.A. to undertake research in fields other than atomic energy. The resources and experience of the A.E.A. can therefore be used to the full to aid the development of British technology.

The much closer relationship of the corporations with each other and with the Government has already improved their morale. The improved organisation of the N.R.D.C. has already increased the number of applications for financial aid being made to it. It is, of course, entirely fitting that a Labour Government should have been responsible for this renewed impetus for the N.R.D.C. was a creation of the last Labour Government.

The creation of a full Ministry of Technology was bitterly opposed by the Conservative Opposition. Mr. Hogg declared that the Prime Minister had 'brought chaos into the organisation of science and technology by ill-considered action'. Action of any sort was certainly the last thing one would have associated with Mr. Hogg's period as Minister for Science. It was not his fault. He was after all Minister of Sport, Minister with Special Responsibility for the North-East and Lord President of the Council at the same time. He was so busy changing hats, he hadn't time for any action. That was real chaos - and no organisation; and it showed quite clearly just what importance the Tories attached to the application of science to industry. No wonder the work of Britain's scientists (who since the war have won more Nobel Prizes than any other nation apart from the United States) was all too often adopted by our industrial rivals instead of ourselves. The Tory Government took no initiatives to correct this absurd situation.

Since then the attack has been turned into a personal one on Frank Cousins. The Estimates Committee (an all-party committee but with a Tory majority at the time) made great play with the fact that the Ministry had 5,000 employees and yet didn't seem

to have made a dramatic impact. They forgot to mention that all but a handful were the existing employees of D.S.I.R. who had merely been transferred to the general supervision of the new Ministry.

Mr. Marples, the Shadow Minister, was never convinced in his opposition to the creation of the new Ministry – and he now seems to have won round his colleagues. They no longer talk of abolishing it and there seems to be little doubt that, in the unlikely event of their return to power, they would make grateful use of a valuable new instrument for the modernisation of Britain.

Machine Tools

BRITAIN is the world's fourth largest manufacturer of machine tools and in 1964 exported more than a third of her total output.

The importance of the industry to our industrial programme is obvious, but unfortunately some disturbing trends have appeared. The British machine tool industry is now under half the size of the German industry, and is being gradually overtaken by Japan. Although our exports still exceed our imports, they are growing much more slowly and, more worrying still, we are tending to export standard tools and to import the custom-built and more sophisticated tools. The value of imports in 1964 was 75 per cent higher than in 1960, although the volume had increased by little over a quarter.

There is clear need for an increased research and development expenditure and in the numbers of qualified personnel, for increased specialisation and cutting out wasteful duplication, and for the development of British machines to replace a number of imported types.

Labour Takes a Close Look

The industry has therefore come under the close scrutiny of both the little 'Neddy' and the Ministry of Technology in recent months. The little 'Neddy' published an 'action programme' for the industry on 10 June 1965.

The Government accepts that it has a major part to play. The number of research and development contracts will be increased particularly through the revitalised N.R.D.C. to help the industry to develop and produce advanced types of machine

tools. The Government may order pre-production prototypes. Many ideas which companies have not felt able to exploit because of lack of finance or of firm orders will now be able to go ahead. The National Engineering Laboratory at East Kilbride will also expand its activities, particularly in the use of computers in design and manufacturing techniques.

The Government and the Machine Tools Trades Association both accept that the industry needs to be concentrated into larger and stronger units. The Government will encourage concentration by its placing of development contracts and pre-production orders. If progress towards rationalisation is still too slow the Minister has reserved the right to take further action.

The Universities have an important role to play and the Machine Tools Trades Association's endowment of several university scholarships is a welcome step. The Ministry of Technology has also set up a Machine Tool Unit which will act to co-ordinate research and development in government and in the research associations, N.R.D.C., the universities and industry.

It may also be developed to provide a technical advisory service to government users of machine tools in the public sector and possibly also to private purchasers.

What is needed is a growing co-operation between the industry and the government. The Government has already given a firm lead.

Computers

LITTLE MORE than 10 years ago this country could claim a small lead in the development of computers and a reasonable rate of installation – certainly comparable with that of any other country. Now the position has changed. The U.S. and several European countries have more computers installed than we have and our domestic computer industry is finding it very difficult to compete with the American giant – I.B.M. – even in the home market. For a country that could claim to have invented the computer, this is a shameful commentary on the failures of the last ten years. The British computer industry had little support from the last Government. B.O.A.C., for instance, were allowed to install an American computer system, and now that it needs replacements they argue convincingly that it is only sensible to

replace it with a later American model. They have experience in handling this kind of machine and there is now a degree of integration of their booking systems with American airlines who use similar equipment that would be disrupted if they were now to purchase British computers. The failure of the last government to encourage British firms to install first-generation British computers is making it much more difficult to persuade them to buy the second-generation models. I.B.M. has been allowed to establish a very firm base within the British market.

Labour Action

A Computer Advisory Unit has been formed in the Ministry of Technology to advise on computer requirements over the whole public sector, and the Technical Support Unit has been transferred from the Treasury. This service will generally supervise computer purchases by government departments, by the universities and by the Research Councils. Local authorities, the nationalised industries and other public boards are being encouraged to make use of it. A number of inquiries have been received which are being technically appraised before the go-ahead to buy is authorised.

A special review is being made of the computer requirements of universities and Research Councils over the next five years and it is intended to devote about £2 million a year to this programme.

The N.R.D.C. will do a great deal more in this field. They have already announced plans involving £5 million to assist the development programme of I.C.T. – the largest British manufacturer in the field.

An advanced computer techniques project is under way co-ordinating work in government and industrial laboratories on the development of techniques for the 70's and its scope is being extended. Particular importance is attached to 'software' – the ancillary equipment without which a computer is useless. This appears to be the field in which the Americans have a genuine lead. But our computers themselves are quite as reliable and as technically sophisticated as their American rivals, a point underlined by the recent announcement by English Electric Leo Marconi of their latest range of computers – the first third-generation computers developed anywhere in the world.

The Ministry's first research contract with a university was

just recently placed at Newcastle and discussions are in progress with manufacturers and users about the formation of a National Computer Programme Centre to make better use of our programming resources.

In all of these ways the Government, through the new Ministry will seek to make good past neglect. It will make British industry more aware of the revolution going on around it, prepare managements for the necessary change of attitude and encourage more boys and girls to train for computer work - as technicians or programmers.

7 AGRICULTURE

'... the keystone of Labour policy: first to give the consumer reasonable prices, second to provide that security within which the farming community could make its vital contribution to our national economy, third to maintain access to the home market for Commonwealth and certain other overseas producers.'

GEORGE BROWN, Swaffham, Norfolk –
17 July 1963

THERE are two main problems in the agricultural industry:

- 1 It costs the country nearly £300 million a year to keep the industry going. By 1954 the Tories had abolished fixed prices in line with their desire for free markets. But in a world of growing surpluses and falling prices, fluctuating food prices and increasing deficiency payments (the difference between the market price and a so-called fair price established by the Government), hit the housewife and taxpayer more and more.
- 2 900,000 people are employed in an industry which supplies half the country's food, yet most of the output is produced by only a quarter of the holdings.

Tory Non-action

There were two problems staring the Conservatives in the face. What did they do? As their own Research Department put it in 1964 'with the breakdown of negotiations with the E.E.C. (European Economic Community) in January 1963, the Government had to consider what changes in our method of agricultural support were desirable'. They hoped that entry into the

Common Market, which they thought would solve so many problems, would deal with agriculture as well. Now they had to reconsider. So they made a tentative approach – in cereals, pigs and horticulture – to the problems of orderly marketing and stabilising prices.

As long ago as 1955 the Labour Party had put forward the idea of Commodity Commissions to regulate imports and home production. They were denounced outright by the Conservatives. Two meat crises and eight years later they finally came round to the idea and in 1964 passed the Agriculture and Horticulture Act. Supported and improved by the Labour Opposition, this Act covers expenditure to promote wholesale markets and co-operatives, to improve the equipment of growers, to introduce grading of wholesale products and to regulate import prices of specified products, notably cereals.

Labour's View

George Brown outlined Labour's policy at Swaffham in July 1963. First of all, the fluctuations in the market should be stabilised by making agreements with exporting countries and by improving home production in a co-ordinated manner. Second, the basic structure of the agricultural industry had to be improved: price support would continue but further action was needed. Farmers' co-operatives would be encouraged and improved credit facilities would be available for those who remained in farming. Special help was promised for those who wanted to change their occupation.

Labour Action

1) *The Annual Price Review*

The Review, published in March 1965 (Cmnd 2621) was the first step towards long-term improvements in the agricultural industry. Although any Government must be concerned about the level of support costs, the prime object is the continued growth of productivity. The structure of the industry, in particular the large number of uneconomic holdings, gives scope for wide improvements based partly on economies of scale, partly on technological advance and partly on more efficient and business-like management.

The total effect of the Price Review was to increase farmers' incomes by about £6½ million. This is achieved as follows:

Value of Increased productivity ..	£25 million
Value of Increased guarantees ..	£10½ million

	£35½ million
Increased costs	£29 million

net increase of income	£6½ million
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In addition, certain groups of farmers will now benefit from the widened scope of some grants. The change in the Winter Keep Scheme, for example, means that another 10,000 hill farmers will be included. The increased size of 'small farms' will bring a further 40,000 farmers into the scope of the Small Farmer Scheme, on condition that a three-year farm plan is submitted and implemented and business records are kept.

The Farmers have disagreed with five of the last nine price reviews, so it is hardly surprising that in face of the new ideas and priorities put forward by the Labour Government, this should be one of them. Milk producers wanted 6d. a gallon more. This would have been the equivalent of an extra £1 a year from every man, woman and child in the country. In fact they got 1d. – enough to ensure a continued increase in production but not so much that the market would be flooded by farmers wanting to take advantage of the extra subsidy.

Other increases were awarded to encourage selective expansion of the industry. Thus meat is being encouraged, particularly because there is a world shortage of beef. In the case of eggs, where the supply is already greater than demand, the guaranteed price was cut.

Responsible farmers recognised the fairness of the Review and so did the farmworkers, led by Lord Collison, the General Secretary of the National Union of Agricultural Workers.

The White Papers

White Papers on the meat and livestock industry (Cmnd 2737) and the Development of Agriculture (Cmnd 2738) embodied the promised development of themes put forward in the White Paper on the Price Review. A major Agriculture Bill has now been introduced to implement the proposals.

The first is the natural outcome of the Labour Party's long-

standing policy to establish commissions for certain basic products. While the Government is to retain responsibility for the level of imports and exports, an independent body, taking advice from production, marketing and consumer interests, will be set up to co-ordinate action throughout the meat and livestock industry. It will be financed by a levy on slaughtered livestock and will have eight main functions, largely based on the report of the Verdon-Smith Committee in 1964 (Cmnd 2282). Perhaps most important for the consumer will be the system of descriptive marking which it is hoped to introduce at the retail sales end of the production line. This independent body will also be concerned with improving stock, gathering and disseminating information on markets and future demand, advising people at all stages of production and initiating research. It will be able to make suggestions to the Government on further activities which may be necessary.

Since a quarter of all the money spent on food in this country goes on meat, this is a vital step for housewife and farmer.

The second White Paper, also published on 4 August 1965, will have a tremendous effect on the structure of the agricultural industry. It has two main features. First, the idea that farms should form viable economic units. Second, that co-operation is an essential method of achieving this end. To anyone outside the industry this may seem to be stating the obvious. In fact, three-quarters of our farms are below the upper limit for the Small Farmer Scheme. Two-thirds of these are also below the lower limit, and may only provide part-time occupation for their owner. The remaining third represents a lifetime of struggle for their owners, and it is these people the Government wants to help.

The idea is to encourage amalgamations, by grants for private schemes, by the voluntary sale to the State of land which would eventually be disposed of in amalgamation schemes, by paying outgoing occupiers a grant or an annuity (according to age) for land that would be included in an amalgamation scheme. In the hills, where the problems are rather different, Rural Development Boards will be set up to work in co-operation with existing authorities to secure the planned use of the land, by agriculture, afforestation, tourism and so on.

Farms of all sizes will benefit from the new ideas on co-operation. Some co-operation has, of course, existed in buying and selling. The innovation is that now it is to be strongly encouraged

and backed by nine different kinds of grant on the farm itself. A Central Council for Agricultural and Horticultural Co-operation, covering the whole of the United Kingdom, will be set up to foster and advise on co-operation. If farmers already receiving up to £1000 under the improved Small Farmer Scheme submit a Joint Business Plan, they may receive one-third extra.

The National Plan

As the energetic Minister Fred Peart, said on publication of the National Plan (September 16 1965): 'The industry can help to solve two of the most urgent problems the nation faces. It can make a valuable contribution to import saving. It can also help to close the manpower gap.'

By 1970 demand for home-grown food will have increased by £200m. Home agriculture will be expected to meet most of this. Livestock will need more cereals and these too will be produced at home. This is particularly important since great emphasis is to be laid on the expansion of beef and veal production and therefore of milk production (for much of our beef comes from the dairy herd). The Annual Review will continue to determine the actual level of guarantees, but the Plan does make certain advance commitments, notably for beef, milk, cereals and horticulture. The Government has guaranteed to the Farmers Unions that the aim is to ensure that the commercial farmer receives a fair income for his work, largely through increased productivity.

One of the most important aspects of the Government's plans for agriculture has been continual consultation with the farmers and farm workers. Their views have been and will be taken into account. This will help to create that atmosphere of goodwill and co-operation, without which the National Plan cannot be achieved.

8 TRANSPORT

'Labour will draw up a national plan for transport covering the national networks of road, rail and canal communications, properly co-ordinated with air, coastal shipping and port services. The new regional authorities will be asked to draw up transport plans for their own areas. While these are being prepared, major rail closures will be halted. British Road Services will be given all necessary powers to extend their fleet of road vehicles and to develop a first-rate national freight service.'

LABOUR PARTY MANIFESTO

THE CHAOTIC state of our transport system was the most obvious monument to the blank refusal of the Conservatives to plan the economic life of the country. They positively encouraged disorganisation in the Transport Act of 1962 by breaking up the British Transport Commission and requiring the separate parts to behave as totally unrelated commercial concerns, instead of parts of a national transport service. They woke up only slowly to the effects of wider car ownership on traffic problems in our towns and on our roads. They were quick to boast of the growth in car sales, but slow to provide the modern roads and modern traffic policies the cars required. While nearly 5,900,000 extra cars poured on to roads between 1951 and 1964 barely 900 miles of new classified roads were built – equivalent to 9½ inches of new road per car.

They gave their Conservative blessing to property speculators overbuilding town centres, and did not perceive that the new buildings were attracting dense modern traffic along ancient narrow streets, and gradually ruining living conditions over large areas.

Urban Transport

The result of failing to plan traffic in our cities is summed up in the annual survey by London Transport of traffic moving in and out of the capital. Between 1954 and 1964 the number of road vehicles in Central London during the morning peak rose by 29,100 (44 per cent) but the number of passengers they carried *fell* by 35,500 (10 per cent) (London Transport Board Report 1964 – p.25). This was because as car ownership spread, more people who had been passengers in buses or other cars became owner drivers. London has had the worst experience here, but other cities have also suffered.

The Conservatives required bus services to operate as commercial enterprises. This set in train a vicious circle; as costs rose, fares rose; passengers left to use their own cars or motor cycles; passengers remaining had to carry bigger shares of the costs, and fares rose again; the exodus to owner transport continued, and added to road congestion; the interruption of services caused by this added a further twist to the vicious circle.

Restricted Parking and Traffic Management

A few half-hearted attempts to deal with the problem were tried, but they merely tinkered, and did not go to the root of the problems. For instance, comprehensive restrictions on street parking were introduced, enforced by the new traffic wardens. The Conservatives were never clear what these measures were supposed to do.

Were they supposed to clear the streets of cars, which were blocking traffic? If so, off-street parking spaces should have been built to provide alternatives to street parking.

Were they supposed to deter motorists from entering the centre at all? If so, there should have been positive measures to encourage the use of public transport.

Were they supposed to make parking spaces available to those who could afford to pay, by limiting parking time? If so, they did nothing to ease traffic jams caused by vehicles moving along

main roads in and out of towns, which are the real cause of the problems in towns.

There were also experiments to 'make the best use of existing roads' through schemes of traffic management – one-way systems, limited turns and so on – all devices to keep the traffic circulating without much regard for the effect on towns, and without any accompanying attack on the reasons *why* traffic was in the towns to circulate.

Buchanan Report

The impressive report on *Traffic in Towns* produced by an official committee set up under Professor Colin Buchanan, and published in November 1963, set out the lines for a new approach.

Instead of seeking to discover how an unplanned, fast-growing volume of traffic could be accommodated in town centres, the committee began by setting standards for people living in towns, rather than for vehicles using the streets. Once 'environmental standards' are set, an upper limit on road traffic is set, because excessive traffic causes noise, dirt, inconvenience and even danger. Therefore the 'natural' level of traffic has to be reduced by sensible location policy in town planning, and improved public transport networks which can move more people faster than any unregulated numbers of private cars.

This approach indicated expensive and fundamental rebuilding of our major towns. Pedestrian traffic and vehicles would have to be separated, and the alignment of roads changed. This kind of town planning had already been pioneered in the New Towns begun by the post-war Labour Government, and in Labour controlled towns such as Coventry, which had carried out modern comprehensive plans.

The Buchanan Committee realised that effective planning for the future required a large agency, capable of planning for a whole urban region and able to co-ordinate development and traffic provision. It proposed the setting up of Regional Development Agencies covering whole conurbations, with the task of relating private development schemes to the public interest. This was unacceptable to a Conservative Party which considered the right of landowners to make profits should not be limited in the public interest. The Report also mildly suggested that public transport in towns should not always be expected to 'pay its way'. This disregard for the profit motive was too much for the Conservatives.

They praised the Report as a whole and promptly pigeon-holed it.

Rail Closures

The Conservatives reacted to the growing difficulties of the railways with a short-sighted policy of contraction. It had been clear for some years that a railways system which represented the worst excesses of nineteenth century laissez-faire capitalism contained many lines which could not expect to survive and perform useful services in the 1960s. However, the Conservatives did not apply to lines the test of public need and public service. Instead they instructed Dr. Beeching, called in from I.C.I., to lop off lines and services which failed to satisfy the narrowest book-balancing criteria. Transport needs as a whole were not to be considered, nor were social and economic needs. The Conservatives' own policies for the development of areas of high unemployment were to be disregarded. No attempt was to be made to develop co-ordinated services. The storms which broke out after the publication of the *Re-Shaping of British Railways* – the original Beeching Report – led even the Conservatives to modify their policies in election year, but their approval of closures had already done damage both to transport services, and to the hope of an efficient co-ordinated system in the future.

Labour's Achievement

As far as the details of transport policy are concerned, the Government already has a number of achievements to its credit. The very first bill presented to the new parliament fulfilled a long-standing pledge to free municipal transport undertakings from the restrictions imposed by the Conservative Public Service Vehicles (Travel Concessions) Act, 1955. This limited concessions schemes to those actually in force in November 1954, even preventing their extension to new routes or their continuance when municipalities changed from trolley bus to diesel bus operations. Restrictions had not been imposed on other bus services, so the Travel Concessions Act, 1964, affected only municipal undertakings.

Another early action was the announcement on 4th November, 1964, that major closures of rail passenger services proceeding from the Beeching Report of 1963 would not be permitted. Later Tom Fraser, then Minister of Transport, announced that he was to be guided by the advice of the new Regional Planning Councils.

This has been a disappointment to those who expected that the advent of a Labour Government would mean the ending of all rail closures for all time, but it is a move to a more rational policy.

British Road Services have also been given the signal to expand as they choose, and have already begun to acquire private haulage fleets selectively, as a commercial operation. The Government has been able to avoid the time-wasting business of passing an Act of Parliament nationalising road haulage again and the embarrassment of acquiring decrepit and uneconomic assets by law. Coachbuilding subsidiaries of the Transport Holding Company, and the railway workshops have been given the maximum commercial freedom under the Transport Act, 1962, pending amending legislation.

There have also been some cautious moves towards a new attitude to meeting public transport costs. Bus services were exempted the extra 6d. per gallon fuel duty imposed in the emergency Budget brought in to deal with the balance of payments deficit. In July, London Transport were promised assistance in keeping fares down in the capital. Beside the melancholy totals of deaths and injuries on the roads, which have continued to mount, there have at least been some moves to improve safety – wider application of speed limits, the promise of new tests of fitness for lorries and lorry drivers.

Labour's Long-term Plans

These detailed advances are not unimportant, but they do not add up to the bold overall transport plan promised before the election. Lord Hinton, now serving the World Bank, was commissioned to give a personal report on transport co-ordination to the Minister, but his report was not meant for publication. A new committee of special advisers was appointed, with the Minister in the chair, in the early months of the Government. So far, its only fruits appear to have been a re-organisation of the Ministry of Transport – which was certainly overdue – to gear it to informing the Government on broad issues of policy. In the past, it has seemed to have been too pre-occupied with the great mass of detailed work it has to get through to be of much use in formulating forward-looking general policy. Of course, sorting out transport is bound to be a long business, but so is sorting out the economy. In the economic field the Government can

point to a highly sophisticated National Plan. It has nothing to compare with this in the field of transport. At the end of a year, the most impressive transport achievement could even be said to have been in a sector which had been left out of most of the arguments until the end of 1964 – the docks.

As a swift response to the 'plan of action' produced by the four-man Devlin Commission in the summer, following a winter of familiar labour troubles and dock congestion, a National Docks Modernisation Committee was set up. No doubt the attention was directed to the docks because of their obvious role in the battle for more exports. Whatever impressive results the Government has to show in tackling the ancient legacy of casual labour and out-moded methods and equipment here, special drives in one sector after another are no substitute for a plan for transport as a whole. Legislation concerned with co-ordination was promised in the Queen's Speech at the opening of the second session. Its effects will be awaited with anticipation.

9 HOUSING

'Under the Tories, the relentless pressure of de-controlled rents, Rachmanism, high interest rates and soaring land prices have pushed housing and flats beyond the reach of many ordinary families and have condemned yet another generation to squalid and over-crowded housing . . . We shall go ahead with a sustained programme to provide more homes at prices that ordinary people can afford.'

LABOUR PARTY MANIFESTO

THE TORY Rent Act of 1957 was an embodiment of the nineteenth-century creed of laissez-faire – the doctrine of 'leave it all to the free play of the market'. One of the Ministers who introduced it to the House of Commons was that arch-priest of laissez faire, Enoch Powell.

He described his starry-eyed hopes –

'It will halt the drain upon rented accommodation, it will release additional accommodation which is under-used or wasted, it will arrest the deterioration of millions of houses for lack of maintenance and it will give to persons who are moving or setting up home the opportunity to find accommodation in the market.'

None of this happened. From 1957 to 1964 the number of dwellings privately let fell by 1,500,000. The National Institute of Economic and Social Research found in 1962 that there had been a slight increase in 'under-occupied' dwellings and that private landlords were building virtually no ordinary houses for letting.

Labour's Inheritance

The South East Study estimated that 150,000 London households lacked accommodation in 1961 and that one million Londoners would have to acquire homes outside London by 1980. After a fuller investigation, the Milner Holland Committee on Housing Conditions in Greater London reported that conditions had worsened.

'Not 150,000 London households, but 190,000 are in urgent need and another 61,000 single persons are living in accommodation without sinks or stoves. That is the shortage after 13 years of Tory housing policy.'

DICK CROSSMAN, Minister of Housing, 22 March 1965

The Milner Holland Committee was set up in 1963 following revelations of the maltreatment of tenants by the notorious Rachman, a shadowy figure in the unsavoury circles brought to light in the Profumo affair.

The Committee found that:

In 1961 there were 247,000 more households than separate homes in the Greater London area.

Obviously this shortage produced serious overcrowding (more than $1\frac{1}{2}$ people to a room). In seven Central London boroughs at least one in ten of all households was overcrowded.

With overcrowding goes 'multi-occupation' – filling large old houses with any number of families and single tenants sharing basic amenities. In Islington and Hornsey, over half of all families lived under these conditions in 1961.

One million of London's two-and-a-half million households were either without or had to share at least one of the 'basic amenities' – hot and cold water taps, bath, W.C., kitchen, sink and stove. Of these, more than half were entirely without a bath and more than a third had to share one. Nearly half shared a W.C.

During the period of the Committee's special study of landlords' maltreatment of tenants, no fewer than 790 complaints came to their notice. This could mean an annual rate of 3,000 cases – and the Committee were sure this was an understatement.

The Press seized on the more spectacular abuses of one or two landlords anxious to frighten controlled tenants into leaving – the famous 'snakes in the bath' and 'dead rats in the kitchen' and so on. But the permanent threat of eviction was a more general and more frightening experience.

The Committee dealt only with London. But anybody with experience of conditions elsewhere in the country knows that similar reports on our large cities would show differences only in the size of the problems existing.

Protection from Eviction

Labour took office in the middle of October 1964. In November the Protection from Eviction Bill was published. By mid-December it was law. This was three months before the Milner Holland Committee published its report – the clearest call for restoration of security of tenure and new measures of rent regulation. The Act forbids landlords of flats or houses with a rateable value of up to £400 from evicting a tenant without a court order. The courts were empowered to postpone the date of execution for up to twelve months. This law was designed to give emergency protection until Labour's new Rent Bill could be enacted.

Labour's Rent Act

The Rent Bill was introduced in Spring 1965. It received the Royal Assent on 8 November and came into force on 8 December. Its main provisions are:

- 1 Full security of tenure, accompanied by a rent freeze to be applied to privately rented properties of rateable value up to £400 in London and £200 elsewhere immediately.
- 2 New machinery of conciliation to encourage landlords and tenants to agree on fair rents, if necessary with the help of a rent officer.
- 3 Rent Assessment Committees which will determine fair rents in those cases where no agreement is reached.
- 4 A fair rent is defined as one which takes account of all circumstances, including age, character, locality and state of repair, and which eliminates the pressure of scarcity by being based on the assumption that the number of people seeking similar accommodation in the area is not substantially greater than the amount of such accommodation which is available for letting.
- 5 Rents, once settled, will be registered and will not in general be open to review for 3 years.
- 6 Eviction is prohibited, without a court order, from either furnished or unfurnished premises.
- 7 Intimidation of a tenant who is still legally entitled to occupy will be an offence.

This Act will destroy the fears of eviction, of extortionate rents, of Rachmanism and homelessness for the many families who suffered as a result of the inhuman Tory Rent Act of 1957.

Labour's Housing Plan

'Labour will also increase the building of new houses, both for rent and for sale. While we regard 400,000 houses as a reasonable target, we do not intend to have an election auction on housing figures.'

LABOUR PARTY MANIFESTO

THE TORIES had never really been serious about housing. Early in the 1950s they worked up some enthusiasm to achieve the magic statistic of 300,000 completions a year. Once that publicity stunt was won, they lost interest. The total was below 300,000 in 1958, 1959, 1960, 1961 and 1963. They reached it in 1962 only because that was the one year when council building rose sharply – the totals had been static or shrinking since 1954. A big pre-election effort pushed completions up to 373,645 in 1964.

Higher post-war standards of living, the need for replacement of older sub-standard houses, longer expectancy of life, earlier marriages, a rising birthrate – all these trends were increasing the demand for house-room, but the Tories had lost interest. The most urgent need was for decent housing at reasonable rents in our big cities, where the Tory Rent Act of 1957 had aggravated the miseries of shortage.

Labour Action

Already, in a year of acute economic difficulty, the Government has been doing better than the Tories in their bumper, pre-election drive. In the first eight months of 1964, when the Tories were still in power, 97,000 public authority dwellings were completed. In the same period of 1965 the total was 106,000. In the first eight months of 1964 137,000 private houses for sale were finished. From January to August 1965, the total was 139,000 – a small but significant improvement. The economic situation made private housing finance difficult to obtain early in 1965, and there was a 10 per cent drop in new houses begun. The Government's success in mastering the economic problems it inherited brought

improvements later which enabled builders to make up for the slow start.

All this new accommodation could not have been built if the Government had not been determined that housing should have the very highest priority. It passed the Office and Industrial Development Act to obtain power to stop office building in London and other large towns. It later used its power and influence over local authority building to postpone less essential civic building projects and concentrate resources on housing.

The Housing Plan

At the 1965 Labour Party Annual Conference, eleven months after taking office, Dick Crossman, the Minister of Housing and Local Government, raised the curtain on Labour's Housing Plan. He contrasted the Labour Government's approach with that of its predecessor:

'... (the Conservatives) believe that the number of houses built by private enterprise should be determined by the amount of profit which can be made or the amount of advances available. They thought that the number of public sector houses to be built should be the minimum, and they kept it down right till the election year . . . I mean something very different:

- (a) Assessing the need, nationally and locally.
- (b) Persuading my colleagues to allocate enough money, resources and skilled manpower from the construction industry to do much less than I want but more than some of the others want me to do. That's the old battle for priorities.
- (c) To fashion the instruments with which we make sure that this is done.
- (d) To get people we can't order about . . . to work with us.'

The housing plan sees a big increase in council housing up to 1970. Over the last 10 years of Conservative rule an average of 141,500 council dwellings were built annually. By 1970 the total will be 250,000.

This big increase is needed because the biggest shortage is of good accommodation at reasonable rents. In addition the Government plan to raise the number of houses built for owner-occupation from about 218,000 to 250,000 by 1969-70. So both sides will go up. But there will be a bigger increase on the public side simply because for ten years it has been so scandalously neglected.

One of the features of the Labour housing programme is a special concentration on the problems of our big cities. Bob Mellish, Parliamentary Secretary to the Ministry of Housing, has special responsibility for stepping-up housing totals in London. He announced the new targets for local authority housing in London on 20 September. These involve a 78 per cent increase in London's house building for the years 1965-68.

There were big rises in almost every borough compared with achievements under the Conservatives in the previous four years, 1961-64. Poor performers like Kensington and Chelsea, only 266 units in 1961-64, and Harrow, 230, will transform their programmes. The Kensington and Chelsea target is now 1,700 and Harrow's 1,300. Even Newham (formerly East Ham and West Ham) which previously built 4,896 units has raised its target by 30 per cent to 6,350.

The new Greater London Council target of 28,350 is 37 per cent up on the old London County Council's performance of 20,621 from 1961-64. The Government is even doing more for Edward Heath's constituency than his own colleagues did. The Bexley target is up by 146 per cent, from 773 units to 1,900.

The total for the whole area is up by 54,895, from 70,105 to 125,000.

Labour's attack on the housing shortage is making the Conservative's best efforts look feeble.

Housing Subsidies

IT HAD been clear for a long time before Labour took office that a new system of subsidies would be necessary if local authorities were to build enough houses. Over the years changes in the basis of subsidy have built up different 'generations' of houses on differing subsidies which no longer bear any relation to the needs of the housing situation or of local authorities. The Milner Holland report showed big differences within London alone. For historical reasons Chelsea found itself in receipt of the most generous Exchequer subsidy per dwelling, although it was far from the poorest borough.

Some Conservatives questioned the whole idea of council house subsidies – as if council house tenants were getting preferential treatment at the taxpayers' expense. They conveniently ignored the much bigger subsidy – income tax relief on mortgage interest payments – enjoyed by house purchasers. In 1964–65 relief totalling £125m. was allowed on mortgage interest – *more than the total Exchequer subsidy (£87.6m.) and rate subsidies (£35.7m. in 1962–63) put together!* The average house purchaser's relief worked out at £31 2s. 0d. a year, whereas the average council tenant enjoyed an annual Exchequer subsidy of £18 18s. 0d. and an annual rate subsidy of £7 14s. 0d.

When Labour took office new council houses were qualifying for an annual basic Exchequer subsidy of £8. A complicated system of assessing need and housing effort meant that some local authorities could collect £24 per dwelling. The whole system was haphazard, unfair and too complicated. It did nothing at all to ease the burden of interest charges, which added enormously to housing cost in the Tory years. The development of a new, fair and more simple system took time but, in his speech to the Annual Party Conference at Blackpool, Dick Crossman was able to give an outline of the new subsidy system he would later be presenting in detail to Parliament.

- 1 The old basic Exchequer subsidy will be scrapped as unintelligible and irrelevant to the needs of an expanding programme.
- 2 The new system which replaces it will give most aid to the authorities with the biggest programmes.
- 3 Special subsidies will be available to meet special costs – high land costs, engineering costs on difficult land, extra expense in overspill development and so on.
- 4 The new system will be framed with reference to the Government's pledge to offer favourable interest rates on housing finance.

Labour and the Building Societies

UNDER THE Conservatives, mortgage interest rates rose from 4 per cent in 1951; to 6 per cent in 1964. Increasing public demand for loans and rising general interest rates as the economic situation got more and more out of hand, put building societies

under great pressure to raise their rates still further in the final months of Tory rule. Labour intended to introduce long-term policies to lower the rate of interest and make loans for house purchase cheaper and easier to obtain, by special measures to be operated through the private building societies and through local authority mortgage schemes. However, in the crisis situation which the Tories handed over there was bound to be a temporary rise in interest rates. The rise in mortgage rates soon followed.

It would have been possible to introduce a special subsidy for house purchasers but the Government felt that other groups in the community deserved a higher place on the list of priorities. The sick, pensioners and people on other social service benefits were in greater need and were given the first attention. House purchasers, of course, continued to enjoy tax relief on their interest payments.

The Government has continued to work on the details of a scheme to aid house purchasers. It is not concerned simply to ease the burden of interest payments for people who already have mortgages. It is anxious to fit the granting of loans and their repayment into its whole housing plan. Many working people on medium wages are at present excluded altogether from obtaining a mortgage. Their right to choose between renting and buying a home is as important as the right of existing purchasers to reasonable rates of interest.

The co-operation of the building societies is also being sought to outlaw the jerry-builder. Dick Crossman, Minister of Housing, mentioned this at the Labour Party Annual Conference at Blackpool in September 1965:

'I think the time is very soon coming when no one will be able to get a mortgage without a certificate of quality attached and an insurance policy as well.'

In fact, contrary to all Tory predictions that a Labour Government would be bound to antagonise the building societies, Labour has secured a greater degree of co-operation than any Tory Government. In October 1965, Dick Crossman, addressing an international congress of building societies in London, pointed out that the big problem in the past had been that building societies had had no defence for their clients against the unpredictable oscillation of interest rates and the ebb and flow of deposits. No Government had been able to obtain the co-operation of the private sector in the planned growth of house

production. The Council of the Building Societies Association had now expressed its willingness in principle to co-operate in the formulation of a National Housing Plan. Its representatives were collaborating with the Ministry in a working party exploring ways of making the Plan work.

The Government has not allowed the financial difficulties of its first months in office to hold up these long-term reforms. The benefits of the groundwork done in the first year will be felt in 1966, 1967 and in the years to come.

Building Industry

'It is no good having paper plans for houses if . . . you haven't the bricks to build them. The crucial factor governing the number of new houses we can build . . . is the output of the construction and building supply industries.'

LABOUR PARTY MANIFESTO

IN A desperate last minute effort to prove to the electorate that they were equal to the task of ending the housing shortage, the Conservatives embarked on a feverish housing drive. They did it without preparation. The figures for housing 'starts' looked good and the Conservative Minister, Sir Keith Joseph, bragged loudly about them. The figures for 'completions' were neither so good nor so widely publicised. The industry was quite literally unable to deliver the goods. Building supplies dried up.

When Labour took office there were only enough brick stocks to meet 4 days' needs, cement stocks $4\frac{1}{2}$ days' and plasterboard stocks would have supplied the industry for little over a week. And builders lucky enough to have bricks were having difficulty in finding men to lay them. There were more than four vacancies for every bricklayer in search of work, and similar, though less acute shortages of other skilled building workers.

In July Charles Pannell, Labour's Minister of Public Building and Works, outlined agreements to expand productivity which he had already made with those sections of the building material industry concerned with the three basic materials in shortest supply:

- 1 The brickmakers have agreed to a target of 8,400 million in 1965, an increase of 8 per cent on the 1964 forecast.

- 2 By 1966 there will be a 60 per cent increase over 1964 in the industry's capacity to produce plasterboard.
- 3 Until the cement industry is expanded cement will be imported from Europe.

The shortage of skilled labour is more serious because it takes longer to put right. The Government's longer-term plans for re-casting the training system, through the new industry-wide training boards, for undertaking basic training for skills in short supply in its own centres and for making full use of its planning powers under the Industrial Training Act 1964, will prevent similar bottle-necks in the future.

These shortages appeared even at the low level of house building maintained by the Conservatives. Labour's ambitious aims will be achieved only through improved efficiency in the use of materials and in the use of labour. This means more widespread use of modern, industrialised building techniques.

Leasehold Reform

'Labour . . . will change leasehold law to enable householders with an original lease of more than 21 years to buy their own houses on fair terms.'

LABOUR PARTY MANIFESTO

THE present leasehold law is heavily weighted against the leaseholder:

- 1 There is no genuine security of tenure when a lease expires.
- 2 Even if a leaseholder is able to stay on after the expiration of his lease he may be charged what is in effect the market rent for his home.
- 3 He is often burdened with the cost of dilapidations.

Action was urgently needed because of the number of long leases granted in large batches in the last century about to fall in. There is a particularly acute problem in South Wales.

Since 1951 the Labour Party has been pledged to introduce a measure of leasehold enfranchisement. The heavy legislative programme of Labour's first year did not permit the reforming law to be passed – but the Government *will* take steps to see that

leaseholders do not suffer unduly through this delay. On 8 December 1964, Dick Crossman, Minister of Housing, gave this pledge:

'In framing the new legislation the Government will ensure that whatever enfranchisement rights are conferred on a leaseholder whose lease is still running will similarly be conferred on a leaseholder whose lease expires after 8 December 1964, and is still in occupation, on whatever terms, when the legislation comes into force.'

At the Labour Party Conference in September, 1965, the Prime Minister pledged that the Government would, 'in the coming session, deal once and for all with the leasehold problem.'

Land Profits

'The first requirement is to end the competitive scramble for building land. Labour will therefore set up a Land Commission to buy, for the community, land on which building or rebuilding is to take place.'

LABOUR PARTY MANIFESTO

WHEN the Tories took office in 1951 they immediately began to wreck the first real attempt to combat speculation in land prices – the Labour Government's Town and Country Planning Act 1947. In 1959 they took the final backward step and restored a 'free market' in development land. Under this so-called 'free market' speculators' profits rose to record breaking heights.

Arthur Skeffington, Parliamentary Secretary to the Ministry of Land and Natural Resources, told an audience at Orpington on 2 July 1965 how land prices in general had been rising in the London area:

'In the Inner London suburbs, inside the Green Belt, the cost of the average site of a medium-priced house rose from £550 in 1955 to £1,500 last year, and in the Outer London suburbs to £1,300 – a rise of 200 per cent.'

What is so scandalous about the Conservative 'free market' in land was that whilst these increases in values are a direct

result of community action, the community received no part of them.

The community brings about rises in land values in two ways:

(a) By granting planning permission. A decision by a local planning authority to zone land for housing development, or to allow high density building or to start a major road improvement, can multiply the value of land overnight.

(b) By provision of amenities such as drains, roads and lighting, without which the new buildings would be useless.

It is wrong that these massive increases in land values, created by social forces, public expenditure, or public decisions, should go only to the private landowners as unearned windfall gains.

The Conservatives having, like the sorcerer's apprentice, called up the demon of soaring land prices had no idea how to deal with it. As one of their M.P.s has said:

'The Conservative Party had to admit in the last election that it did not have the answer to the increasing cost of land.'

It would be a rash Conservative who claimed they have an answer now. But Labour has developed the instrument to deal with the problem.

The Land Commission

LABOUR's 1964 Election Manifesto contained a pledge to set up a Land Commission. The first step towards the fulfilment of this pledge was the establishment of a new Ministry – the Ministry of Land and Natural Resources, which was charged with the task of formulating the necessary legislation.

In September 1965 a White Paper on the Land Commission was published. This outlined the two main aims of the Commission:

(a) To ensure that the right land is available at the right time to meet regional and national needs.

(b) To ensure that a substantial part of the development value created by the community returns to the community.

The Land Commission will operate in two ways. It will itself acquire land either by agreement or compulsorily. For this land it will pay a special price based on existing use value plus an extra sum to encourage willing sale and to cover any contingent

loss. It will also raise a 'betterment' levy from the seller on other sales of development land. This levy will initially be at 40 per cent of development value (i.e. the difference between the market value and existing-use value). A landowner will get the same net amount from the sale of land whether he sells to the Land Commission or to a private buyer.

The Commission will have powers to dispose of land for house-building at less than its market price, thus making land available more cheaply for owner-occupied housing. Usually, these cheaper disposals of land will be made to bodies which can supervise the allocation of the houses e.g. housing associations, co-operative groups and local authorities who are prepared to build houses for sale as well as to let. These disposals will be 'crownhold' i.e. will be subject to restrictions on future development.

The Land Commission Bill provides a fair and lasting solution to the problem of constantly rising land prices. It will equip the Commission with flexible and convenient powers which will enable it to play a positive role in national and regional planning.

The Rates System

'We shall seek to lighten the burden of rates which today falls heavily on those with low incomes. While the reform of the rate system and the investigation of alternative forms of local government finance may take some time to accomplish, we shall seek to give early relief to ratepayers by transferring a larger part of the burden of public expenditure from local authorities to the Exchequer.'

LABOUR PARTY MANIFESTO

As soon as the Labour Government took office it set up a review of all aspects of local government finance, including the rating system. It soon became clear that this complex business – involving the Treasury, the Ministries of Health and Education and so on, as well as the Ministry of Housing and Local Government – would need a far bigger operation than simply the transfer of a few

specific items of expenditure, such as teachers' pay.

The justice of Labour's pledge for reform was confirmed in the Allen Report on the Rating System, which was commissioned by the Tories but appeared in the early months of the Labour Government. It showed not only that the rate burden was not fairly shared, but that it would rise automatically year by year unless drastic changes were made. Overall, rates take 3 per cent of incomes after tax. However, households with incomes of £6-£10 a week pay 6 per cent in rates. Households with less than £6 coming in a week pay 8 per cent in rates. This injustice would get worse. Average rates in 1964-65 were £32 a house. If the Conservative policies inherited in October 1964 were to continue unaltered the average would rise to £45 a house in 1969-70 (at 1965 prices) and £60 by 1974-75. In fact, under the Conservatives, this unjust form of taxation was providing more and more of the final tax bill year by year. In 1952 of every £ of tax revenue, 1/6d. (7½ per cent) came from rates. In 1963 it had become 2/3d. (11½ per cent) of every £.

The Government completed their review by the summer, and turned to the consideration of the reforms, both long-term and short-term, which are needed. It was decided that the most urgent need is for a system of rate rebates to give relief to those who are hardest hit by rising rates. In addition it was decided that the automatic increase of 9 per cent a year will be dismantled by shifting part of the burden from rates to the Exchequer.

In a speech in Coventry on 29 October 1965 Richard Crossman spoke of these planned reforms:

'In the long run, the only way to deal with the problem of rates is to shift a good deal of the burden from the ratepayer to the taxpayer. That will be the objective of the big Bill we shall be presenting to Parliament later on.

'This winter while we are dealing with the big Bill for relieving the pressure on the ratepayer, we have decided to give immediate relief to the neediest victims of the rate burden by a short-term Bill introducing an emergency system of rough and ready rates rebates. These rate rebates will have nothing to do with National Assistance, they are designed not as a social service but as a tax concession whose object it is to relieve the pressure of this unjust and regressive tax upon the neediest members of the population.'

New Towns

THE New Towns Act of 1946 began one of the post-War Labour Government's most exciting achievements. The New Towns which followed offered not only modern housing, but a whole new set of surroundings, new community services and towns where work, homes and free-time living were planned as a whole – not left to emerge, unbalanced, incomplete and unrelated. The New Town has been not only a reaction against overcrowded living in nineteenth century houses in badly laid out cities, but also a demonstration that the ugly inefficient and oppressive urban sprawl and roadside 'ribbon development' of the 1930s need never have happened.

Conservative Approach

The Conservatives were unsympathetic to the socialist conception of the New Towns. New Towns are set up by a corporation armed with special powers to acquire land at a fair price and to develop it comprehensively, building up a new community with all services. Since the Corporations own the land, and frequently the buildings – shops, offices and factories – they are able to use their rent profits from commercial tenants to help with the costs of dwellings. This is in direct opposition to all Conservative ideas on handing everything profitable to private enterprise, to the dogma of charging market values and the theories against 'cross-subsidies'.

The Conservatives are also unappreciative of the regional planning effects of New Towns. They are, after all, the Party of the status quo – in town planning as in everything else. Their record underlines their lack of enthusiasm. In six years after the war the Labour Government set up fourteen New Town corporations, beginning with Stevenage in December 1946. In thirteen years the Conservatives established only three. They found a few sites in their final months of office, but did not proceed as far as setting up the corporations. The unsuitability of at least one of the sites only emphasises their lack of understanding of what New Town policies are really about. Risley was designated as a New Town for Manchester re-housing, although it is too near to Warrington ever to have a separate existence.

The Conservatives passed the New Towns Act, 1959, which set

up a central New Towns Commission to take over the assets of each New Town when the Corporation's task was finished, so that they could not be handed over to the local authority in the New Town.

Labour Action

Almost a whole generation of New Towns was lost through the 1950s and early 1960s. A new generation is now being planned by the Minister of Housing, Dick Crossman. In the meantime there will be an attempt to work a New Town type of development within sizeable existing towns, expanding Ipswich, Northampton, and Peterborough. It is hoped that these expansions will be providing housing quickly, and later further New Towns – such as the one approved in North Buckinghamshire – will share this task. The Conservative proposal for Risley has been converted to an arrangement with Warrington similar to those in Ipswich and Peterborough, the only acceptable solution on town planning grounds. At the same time Manchester has been granted a real New Town, to be sited in the Leyland/Chorley area.

The best way of handing over the assets of fully developed New Towns – as well as their government – to local authorities, in accordance with the Labour Party's policy, is now being investigated. The transfer may have to be delayed in some cases, because it has been necessary to raise some population targets. It will in any case require legislation, since the Conservative New Towns Act, 1959 obliges the Ministry of Housing to transfer assets to a national body, the New Towns Commission, once development is completed.

10 EDUCATION

'Our country's "investment in people" is still tragically inadequate. The nation needs and Labour will carry through a revolution in our educational system.'

LABOUR PARTY MANIFESTO

CHILDREN are the nation's most valuable asset. What we spend on their schooling earns a bigger return in the quality of our national life than any other investment. In an age of scientific revolution, this is truer than ever.

But our assets have been squandered. After thirteen years of Tory rule, over 50 per cent of secondary school pupils and nearly 20 per cent of primary school pupils were being taught in classes condemned as over-crowded in 1944! Over two million children were affected.

We are 55,000 teachers short of the standards laid down twenty-one long years ago to ensure that there are never more than forty children in a primary school class and thirty children in a secondary school class. We shall also need 20,000 extra teachers in the early 1970s when the school leaving age will be raised to sixteen.

Too many of our school buildings are depressing and out-of-date constructions, bearing little relation to the needs of twentieth century education. A gigantic effort will be needed to cope with the chaos of shortage, inadequacy and neglect.

The Tory administration was not only neglectful and complacent, it was totally indifferent to the problem of ordinary parents. The Tories are out of touch with today's parents and their problems. It is hardly surprising that all three Ministers in the Education Department, when the Tories left office, had been educated at Eton, and the same Oxford College.

Their Manifesto reflected this attitude. They promised an opportunity for youth, but somehow it was always mislaid during the thirteen years of Tory education policy. With their policies, we were almost back to 1944 again. The great leap forward is always just round the corner – after the Election. They produced no plan for the millions of children in oversized classes. They made themselves notorious as the Party of postponed planning in their last months of office and fixed the date for raising the school leaving age as 1970 – twenty-six years after the 1944 Act put this reform on the Statute book!

They made no announcement of any speeding-up of the school building programme. The children's extra year would have to be spent in the same 'seriously inadequate' and overcrowded classes condemned in the Newsom Report. They announced no measures for recruiting the twenty thousand extra teachers needed for the additional year. Perhaps they realised that they would be leaving these difficult questions in the safe hands of the next Government.

The Conservatives talked continually about educational expansion and ignored the 11-plus. They boasted of universities and forgot the thousands of qualified students turned away each year because there was no place for them.

School Building

THE SURVEY on the state of our school buildings undertaken in 1962, and wilfully suppressed by successive Tory education Ministers, is now public property. It is hardly surprising that the Tories were frightened of it and refused to publish it before the general election. Now everyone can see the results of Conservative cuts and complacency in the school building programme. The survey showed that:

- 1 One in every three children goes to a school built in the last century, and nearly half our children go to schools built before 1919.
- 2 Over a quarter of our primary schools have no hot water.
- 3 Nearly 1½ thousand schools have no flush lavatories, and over seventeen thousand schools have outside lavatories.

- 4 Nearly a million school children go to schools which have no hall and $\frac{1}{4}$ million go to schools – 8,845 of them – which have no staff room.
- 5 Over two million children go to schools officially described as sub-standard.

Labour's Plans

The Labour Government's programme of major school building for the next two years is the most ambitious ever – it will involve £80 million a year. This compares with an average expenditure of only £65 million over the past five years.

In the next five years the school building programme has to be increased for three main reasons:

- 1 There will be a substantial growth in population.
- 2 The minimum school leaving age will rise to sixteen.
- 3 The accelerated housing programme will give rise to associated shifts in the population.

In the National Plan the Government, therefore, proposes to increase the authorised level of school building in England and Wales from £105 million in 1965/6 to £138 million in 1969/70. Expressed in terms of capital expenditure, the total cost of the school building programme is expected to rise from about £125 million in England and Wales in 1965/6 to about £170 million in 1969/70 – a rise of approximately 36 per cent.

The decision to plan this massive increase follows a survey of the rapidly growing needs in all sectors of the education service.

Teachers

'Labour will give to teacher supply a special priority in its first years in office.'

LABOUR PARTY MANIFESTO

THE LATEST report on The Demand for and Supply of Teachers estimated that by 1976 we should need 461 thousand teachers just to achieve the standards laid down in 1944. Big classes are unfair both to children and teachers. They also deny Britain the highly trained manpower we so badly need. The Robbins Committee showed what an important effect size of classes has on the chances of a child going on to higher education.

The Tories failed to make teaching sufficiently attractive. In some subjects, like maths and science, the shortage is desperate. Only one in four grammar school teachers and one in twenty-five secondary modern school teachers has science or maths training. This is surely an important reason why 900 university places in science and technology in 1963 and 1,500 in 1964 remained unfilled. Yet in 1961 the Tories imposed a wage pause on teachers and cut back the salary award local authorities were prepared to give.

Labour Action

The Labour Government, despite the demands of an urgent economic situation, has kept its pledge to 'give to teacher supply a special priority'.

The full Robbins target of 122 thousand places in teacher training by 1973/4 has been adopted. This will nearly double the number of teachers in training.

But this programme will not produce extra teachers before 1970. In the short-term married women must be attracted back to teaching. At present out of every five girls who start teaching only one becomes an addition to the profession. The other four are needed to replace teachers who leave to get married or have families. In March a publicity campaign was launched to bring trained married women back into the schools. It will cost three times as much as last year's campaign and will last longer. The possibilities for part-time teaching are emphasised. There are more than thirty thousand part-time teachers now, but this is not nearly enough. In May, the Government issued a circular to local education authorities and teaching colleges stressing the importance and the urgency of tapping this powerful source of supply. It is estimated that there are at least 100,000 trained women teachers out of service still young enough to give many more years of teaching to the schools. The minimum target is for part-time teachers to form 10 per cent of the total teacher force.

Other methods of counteracting 'wastage', encouraging returners and finding more training places have been studied as a matter of urgency. In the words of Anthony Crosland, the Minister of Education: 'We are faced with a national emergency here; and I am prepared to study any suggestion, however unorthodox, provided only that it does not lower the status and standards of the teaching profession'.

Finding More Teachers

After reviewing the situation, the Minister announced a fourteen-point programme to help solve the short-term problem. Most of these points are designed to reinforce existing methods of recruitment. In some cases this will be done by making recruitment more intensive; for example, by attracting more students into the expanding colleges and encouraging the employment of part-time and returning married women teachers. Other points put the emphasis on more radical methods. Increased productivity from the existing colleges, the reorganisation of training courses and the introduction of part-time training courses are included. So too are the establishment of teacher training bases within the technical colleges and the provision of more auxiliary help for teachers. This dynamic and co-ordinated programme has been welcomed as a realistic attack on one of our greatest educational problems.

But this is still not enough. The Minister has called for measures which will make more use of colleges and institutes of education to increase the output of trained teachers by 20 per cent by 1968/69. They have been asked to submit their plans for higher productivity before the end of the year. In his letter, the Minister has suggested various different ways in which this target might be achieved. These measures would produce another twenty-five thousand teachers in service by 1976.

The 11-Plus

'Labour will get rid of the segregation of children into separate schools caused by 11-plus selection; secondary education will be reorganised on comprehensive lines.'

LABOUR PARTY MANIFESTO

SELECTION at the age of 11 has been totally condemned. The Tories have stood solidly by this unjust system of segregated secondary education, although it has been shown that the 11-plus discriminates against children in overcrowded homes and large families.

The Labour Government does not accept that only two in every ten children – the average number at grammar schools throughout the country – can benefit from an all-round education.

Nor is it acceptable that we should continue to invest more of our scarce resources in a selected minority and ignore the rejected majority. The Labour Government rejects totally the Tory idea that the door to higher education should only be open to a small proportion of our population and that we cannot make room for many who are qualified and eager for further studies.

We cannot support a system which pretends to forecast a child's ability and future on the basis of an examination taken at 10½, and which allows five times more children into grammar school in one area than in another. Forty per cent of Merthyr Tydfil children go to grammar school; but in Ipswich the percentage drops to 13 per cent, and is even lower in some other areas.

Not only is the 11-plus unfair and inefficient, it also causes a great deal of tension and anxiety and has a distorting effect on our primary schools.

Quintin Hogg is confident that the 11-plus has no ill-effects. He has explained how the cheerful noise of sawing wood and banging metal, and the smell of cooking greet the senses as one enters a secondary modern school. The Tories didn't even bother to mention the secondary modern school in their manifesto. Of course Mr. Hogg is satisfied. The Tories are easily satisfied with a system which their own children rarely use.

Labour Action

The comprehensive principle has now been adopted as national policy. Already, the Ministry circular on comprehensive schools has been sent to all local education authorities to guide and help them in making their plans for reorganisation.

Most children already go to comprehensive schools – the existing primary schools. The comprehensive school is really a development of this. It is a secondary school which is intended for all normal children in a district without dividing them into grammar, technical or modern departments.

It attempts to give each child the education which is most suited to his or her needs and, since its intake covers a great range of abilities and interests, it must provide the widest possible choice of courses and opportunities.

Conservatives say that Labour will destroy the Grammar Schools. This is absolute nonsense. The virtues and the advantages of grammar schools are not based on selection. Their most valuable characteristics, according to Anthony Crosland, are their

'high standards of endeavour and achievement, their intellectual discipline and their respect for scholarship'.

To open the door for more children is not to reduce the opportunities given to any of them but to enrich the experience of all of them. When he was Minister of Education, Michael Stewart said: 'Remember that the ultimate unit that you are thinking about in education is the child and not the school, and that institutions must change if the children's needs are to be met'.

Nearly two-thirds of the secondary school population is already living in the areas of ninety-one education authorities who are either implementing or making concrete plans for reorganisation on comprehensive lines.

The Education Act of 1944 states specifically that it is the duty of the central government to establish a national policy for educational provision to be carried out by the local authorities. The alternative would be to allow a confused pattern of education to emerge without guidance. This could only complicate the educational problems of parents and pupils and would become impossible to administer.

Higher Education

'Labour will carry out a programme of massive expansion in higher, further and university education.'

LABOUR PARTY MANIFESTO

THE crisis that would face higher education in the sixties was obvious to anyone aware of two basic facts:

- 1 The post-war bulge in the birth-rate.
- 2 The increasing proportion of young people staying on at school into the sixth forms since the early '50s.

From 1950 to 1963 the number of students at British universities rose by just over 50 per cent. This was by far the smallest expansion of almost any advanced industrial nation. In the United States the expansion was over 80 per cent, in France it was 75 per cent, in West Germany over 100 per cent, in Norway 150 per cent and in Sweden over 200 per cent. As a result, we have fifteen highly trained engineers to every 100,000 people in the population. West Germany has twenty-five. West Germany also has 50 per cent more scientists than Britain and the United States twice as many.

Report after report pointed out that thousands of qualified applicants were being rejected for university places. The Robbins Report condemned the Tory policy as inadequate and recommended, as a matter of urgency, that the targets should be increased by 10 per cent before 1967. The desperate need for such an emergency programme is the greatest indictment of the Tory record in higher education. 'Universities already have cause for lack of confidence in the (Tory) government's intention' said the Robbins Report in 1963. In fact, the Report was a devastating exposure of the Tories who had, with difficulty, increased the number of full-time university students by over 4,000 a year in the ten year period from 1953 to 1963. Robbins recommended that the increase in university places should be approximately nineteen thousand places per year. Yet overnight, literally the day after the Robbins Report was published, the Tories became converts to expansion and issued a White Paper accepting its targets.

Before the sudden shock delivered by the Robbins Committee, the Tory education Minister was saying that their programme represented 'the fastest practicable rate of university expansion and no one who is conversant with our universities has ever suggested they could be expanded at a faster rate.'

Labour Action

In February 1965, the Labour Government accepted the Robbins' target of 390 thousand full-time places in higher education by 1973/4. But it was decided to concentrate the expansion on the existing universities, with the exception of a new technological university in the North East, rather than spread scarce resources by developing yet more institutions.

The Colleges of Advanced Technology are now in the process of gaining university status and since April they have been brought into the financial ambit of the University Grants Committee. In order to help universities to meet the Robbins' objectives the recurrent grants to universities have been increased by an extra £7 million.

Leading technical colleges will be developed as higher educational institutions equipped to serve industry, the professions and commerce. The target is to provide for at least seventy thousand sandwich and full-time advanced places by 1969/70. These would offer a wide range of degree and other advanced courses based on

social studies and the arts as well as science and technology. It is expected that current expenditure on further education will increase by 50 per cent in the five year period, so will current expenditure on the universities.

Developments have also taken place in the teacher training colleges, which have been renamed Colleges of Education, and opportunities will be available to obtain a professional teaching qualification plus a degree in a four-year course. The number of places in teacher training will increase by 74 per cent by 1970.

Leisure for Living

'It is not the job of the Government to tell people how leisure should be used. But, in a society where so many facilities are not provided because they are not profitable and where the trend towards monopoly, particularly in entertainment, is steadily growing, the Government has a duty to ensure that leisure facilities are provided and that a reasonable range of choice is maintained.'

LABOUR PARTY MANIFESTO

It is no part of a Government's job to tell people how to spend their free time. They can and should choose for themselves – whether it be television, sport, theatre, music, cinema, walking in the countryside or bingo. The Government's job is to see that the facilities that people want are available. But it is no coincidence that under the Conservatives bingo flourished whilst orchestras languished. The provision of bingo halls is a profitable enterprise for private capital. The provision of orchestras is not.

The Arts

Jennie Lee, Under-Secretary of State for Education, was given special responsibility for the Arts. She soon produced a White Paper, 'A Policy for the Arts', which spoke of 'the growing revolt, especially among the young, against the drabness, uniformity or joylessness of much of the social furniture inherited from the industrial revolution.'

Despite the economic situation, the Labour Government acted. The Arts Council was given £250,000 to start a building fund to help local authorities. They had requested it years ago. The Conservatives failed to respond.

The Government's grant to the Arts Council itself was stepped up by 30 per cent – the largest amount ever. It provided £40,000 to save the Royal Philharmonic Orchestra – from being disbanded. Purchasing grants for local museums were doubled.

A great deal of emphasis is placed by the Labour Government on 'decentralising' the arts. Unless the regions get their full share, it will be difficult to stem the drift to London. In the words of the White Paper:

'If the eager and gifted, to whom we must look for leadership in every field, are to feel as much at home in the North and West as in and near London, each region will require high points of excellence.'

Sport

Denis Howell, Under-Secretary of State for Education, has special responsibility for sport. He, too, was quickly able to announce an increase in direct Exchequer aid to sport in 1965 of 70 per cent.

Professional events constitute a very small part of British sport. A new Sports Council was set up in February 1965 with the aim of helping all levels of amateur sport. Backed by a number of regional councils, it has a number of committees looking into all aspects of amateur sport and advising the Government. The regional Sports Councils will ensure planning at the local level as well as nationally.

University of the air

'INVESTMENT in the nation's education, whether vocational, technical, scientific or in the humanities, is an investment in Britain's future which cannot be measured in terms of money or of price.'

In September 1963, Harold Wilson outlined plans for a University of the Air, which would mean that people could take advantage of different courses, some might be technical and refresher courses, some professional, some leading to degrees by using special television and radio programmes, which would be reinforced by correspondence and residential courses, and

tutorial groups. This University would award nationally recognised certificates, diplomas and ultimately degrees, but until this stage is reached it would have to give external degrees.

Broad agreement has already been reached on an outline plan for a University of the Air. It will have its own administrative centre and its own Vice-Chancellor but it will make full use of existing provision for adult education, with the co-operation of local education authorities. The fourth television channel might be used for this purpose or perhaps local radio stations might be used as a start linked with neighbouring Colleges of Further Education or other educational bodies.

Conservatives have already dismissed the idea of a 'University of the Air' as a 'bogus concept' and as 'Mr. Wilson's pre-election gimmickry'. It is important to go ahead with this project in order to widen educational opportunity for all those who have never had the chance to develop their potential abilities, as well as helping those already qualified by means of refresher courses.

'This is a practical proposal, one that holds out great hope for the future. It has no party, no political implications, and I hope it will be possible to get all concerned in education, the local authorities and broadcasting, to start discussing these problems as a step towards reaching agreement on the constitution of the university and the arrangements to be made to provide the radio and television facilities required'.

Harold Wilson, 16 September 1965.

The Open Air

'A Labour Government would . . . end the present parsimony in the supply of public funds for outdoor recreation; develop the national parks; preserve access to the coast and protect it from pollution and unplanned development.'

LABOUR PARTY MANIFESTO

CLEARING UP the mess left by the industrial revolution and by the years of unplanned and uncontrolled urbanisation of Britain would be a major task for any Government. For Conservative Governments, unable to accept the need for planning, it was an impossible one. Indeed, they made it worse by doing nothing to stop the drift of population to the south and by failing to recog-

nise that they had the major responsibility for preserving what was left of Britain's countryside.

Fred Willey, Britain's first Minister of Lands and Natural Resources, has a special responsibility for the countryside. Basically responsible for the use of land and natural resources, he is concerned with the National Parks, the Forestry Commission and the countryside in general. He is preparing proposals for a comprehensive countryside policy.

About 32 per cent of the coastline of England and Wales lies within National Parks and designated areas of outstanding natural beauty. But there is much outside that is worth preserving. The National Trust estimates that at least five miles of coastline worth preserving are being developed and spoilt each year. The Labour Government has therefore given a quarter of a million pounds to Enterprise Neptune, the Trust's endeavour to save 900 miles of coastline from unsuitable development. Additionally, the Minister of Housing and Local Government has written to local authorities, emphasising the need to exercise really stringent control over coastal development.

The Government has introduced legislation to register the 1½ million or so acres of common land in England and Wales that are the country's last reserve of uncommitted land. The facts obtained will provide the basis for further legislation making provision for the management and improvement of common land.

11 SOCIAL SECURITY

'Drastic reforms are now needed in our major social services. To make them fit for the 1960s and 1970s will be costly in money, manpower and resources. This will not be achieved all at once; but, as economic expansion increases our national wealth we shall see to it that the needs of the community are increasingly met.'

LABOUR PARTY MANIFESTO

THE TORIES allowed social security benefits – retirement and widows' pensions, sickness and unemployment pay – to fall below the minimum levels of human need. For the man on average earnings, retirement under the Tories meant an 80 per cent cut in his living standards if he was single, and of 66 per cent if he was married. In 1964 the pension was £1 under the basic subsistence level, below which the Government itself believed no one should be allowed to fall. Consequently, one in four of National Insurance pensioners depended upon means-tested National Assistance benefits.

In its Manifesto, the Labour Party undertook to reconstruct our social security system. It would take time, but in the meantime Labour undertook to raise National Insurance and other benefits.

Pensions and Benefits

Within a few months of taking office the Labour Government had completed the most extensive improvement in social benefits ever undertaken in the history of this country.

1 The benefit increases made early last year in national in-

surance and industrial injury benefits were the largest since 1946. For example:

- (a) retirement pension and unemployment sickness benefits went up by 12s. 6d. to £4 for a single person and by 21s. to £6 10s. for a married couple; (b) widow's pension was increased by 12s. 6d. to £4, and the widowed mother with two children received an extra 17s. 6d. – giving a weekly pension of £8 (including family allowances). The earnings rule for widow's benefits was abolished.
- 2 The reserved-right '10s. widow' had her pension increased to 30s.
 - 3 Industrial injury benefit and 100 per cent industrial disablement benefit went up by £1 to £6 15s. A married couple with injury benefit now gets £9 5s. The industrial widow's pension went up by 15s. to £4 10s. Supplementary allowances were also increased.
 - 4 War pensioners also had increases in their pensions – the 100 per cent disabled by £1 to £6 15s. and war widows by 15s. to £5 5s. The main supplementary allowances were increased at the same time.
 - 5 National assistance rates were increased by amounts corresponding to the national insurance increases, ensuring that national insurance beneficiaries drawing national assistance did not lose the benefit of their insurance increases. At the end of the year the National Assistance Board made special payments of £4 to most old people receiving weekly allowances and to a large number of younger people dependent on allowances, such as the chronically sick. Over 1½ million payments were made.

The amounts and the scale of these improvements are greater than anything which has gone before.

Increases right across the board, bringing better living and more happiness to over 9,000,000 people – one-sixth of the total population, are historic in their social significance.

The Cost

The Government's decision to make this bold advance in the levels of social security was more than an act of social justice. It was an act of tremendous courage at a time of serious financial difficulty. The economic legacy from the Tories was so serious that emergency steps had to be taken to save the pound. Never-

theless Labour did not use the economic situation as an excuse to hold up benefits – as the Tories would have done – but kept their election pledges.

The total cost of £300 million is being met by increased contributions and taxation. Spread over the whole population the cost is over £6 a head for every man, woman and child in the land.

Although it was inevitable that contributions would have to be increased to pay for much of the cost of National Insurance increases, the Government eased the burden on employees by putting a higher proportion of the increase on the employer.

Instead of sharing the increase equally between employers and workers, the male employee paid 2s. more and the employer 3s. 3d. of the stamp increase. That saved workers up to ninepence a week on the contribution.

Taxation bore its share – £67 million – of the cost of the higher benefits.

Other Improvements

Labour said that the earnings rule of widows would be abolished. That has been done. A wider review of widows' benefits is now under way.

Prescription charges have been abolished. Thus the financial barrier which, since 1952, has intervened between the patient and the treatment he needs has been removed and the first step taken towards the Government's declared objective of eventually abolishing the National Health Service charges.

The very first piece of Labour legislation was the Travel Concessions Act, to extend the powers of local authorities with passenger transport undertakings to give concessionary fares to old people and other deserving groups.

War pensioners and National Health Service patients with invalid tricycles have been given an allowance of £5 a year in respect of petrol duty. Allowances to disabled war pensioners for motor cars have been increased.

The income limits for age-exemption from income tax have been lifted for 1965/6 by £40 for a single person (from £320 to £360) and by £50 for a married couple (from £575 to £625).

The Way Ahead

Whenever the ever-widening gaps in the social security system were pointed out to successive Tory Governments, the answer

was always the same: to fill the gaps adequately and provide an all-round reasonable level of subsistence would cost so much that flat-rate contributions would have to be raised to an unacceptable level. But this was a typically short-sighted Tory attitude, which presupposed that improved benefits can only be paid for by still heavier flat-rate contributions.

As soon as Labour took office a major review of social security was set on hand. One of the first results of this review will be the new wage-related supplements to cover the early months of sickness, unemployment or widowhood. The aim is an entirely new concept of 'social security by right of citizenship'.

Labour is putting the Beveridge scheme of 1948 and the Tory Government's graduated scheme of 1960 into the melting pot and it intends to bring out something better, bigger and lasting. The work the Government is doing now will shape social security in Britain for the 1970s and it is determined to make a good job of it.

Wage Related Social Security

In the Tory years, continually rising prices whittled away the purchasing power of the old age pension. Flat rate increases in the National Insurance benefit – invariably granted just before a General Election – were never generous enough to guarantee the old age pensioner a decent standard of living. In the inflationary free for all of the 1950's, the *pensioner household* was the most badly hit, for while Index of Retail Prices rose by 48% between January 1952 and December 1964 for the 'ordinary' household, the equivalent for the pensioner household (which has slightly different needs) was 60%. The estimate for the high income household was only 40%.

Housing costs undoubtedly contributed greatly to the rising cost of living. During the period from the Rent Act to the defeat of the Conservatives, the *Housing Component* of the Retail Price Index rose by 62% – more than *twice* as fast as other price increases. There is little doubt as to whose standard of living really suffered from 1951–1964.

The Tory answer to this tale of neglect has been recently given by the Shadow Minister of Pensions. The Conservatives plan to wind up their unpopular graduated scheme and hand the problem of social insurance over to private enterprise. Those who are not covered by private occupational schemes will have to fall back on

a 'residual' state scheme which will provide benefits along the same inadequate lines as before.

Critics of the scheme see it as a prelude to the oft-mooted Conservative plan to make way for private health insurance as well as private social security provision and leading inevitably to 'two nations' in sickness and in health as well as in work and in retirement. However, even the *Times* is sceptical about the Conservative policy for a privately insured community. In considering the present extent of private occupational insurance, the *Times* says 'Leaving aside the public service pension, perhaps eight million of the population are now covered. As the insured population of Britain is rather more than twenty-five million, the road ahead for this policy is long. At all events, the customer will have to pay more.'

In the face of this clear abdication of responsibility for national social security, it becomes all the more important that Labour should have time to implement their own scheme. Labour has begun to attack the problem of Income Security on four different fronts:

- 1 By keeping prices steady through a National Incomes policy. It is now accepted by all but a few Tory die-hards that an Incomes policy is necessary to combat inflation – but only Labour had the courage and confidence to implement such a policy.
- 2 By relieving low-income households of certain inevitable expenses. The abolition of prescription charges and transport concessions have already been mentioned in this context. But the new Rent Act and Dick Crossman's rate rebate scheme for incomes of less than £10 per week will help to bring down the housing costs which we have shown had become such a tremendous burden to those living on fixed incomes.
- 3 By the introduction of *wage related benefits*. As sociologists pointed out at length during the 1950's, poverty is a *relative* concept. A mere minimum standard of existence for those who are sick, unemployed or retired is no longer acceptable in our society. Labour's plan to introduce wage related benefits which are also redistributive (i.e. will give a slightly higher percentage of his wage to the lower paid worker) is the only possible way to take the fear out of unemployment and retirement. Wage related sickness, unemployment and widows benefits will be introduced in the Autumn of 1966. The wage related retirement

pension will come later, as soon as the administrative charges necessary for its introduction are completed.

- 4 The Income Guarantee. This is a national minimum benefit for those who are either too old to be included in the wage related old age pension, or for various reasons do not qualify for National Insurance Benefit. The Income Guarantee will operate as 'income tax in reverse'. That is, a person, after giving details of his income, will receive a supplement to bring his income up to the National minimum laid down. This has been described as R.A.Y.N. (receive as you need) – the converse of P.A.Y.E. (pay as you earn). It is part of Labour's long term programme for abolishing means-tested benefits through the National Assistance Board, for Labour's aim is to have one Ministry of Social Security to deal with *all* those in need.

The Future of Social Security – The Houghton Review

Twenty years after the Beveridge Report, our Social Security system is riddled with gaps and anomalies. More information is needed about particular distressed groups. A fairer system of treatment is required for widows, divorced women etc. The reconstruction of our system with these problems in mind is the aim of the present Houghton Review. The list of studies and investigations being undertaken by the Review is impressive.

- 1 A survey of 9,000 retirement pensioners.
- 2 A survey of the homeless, the down and outs, and alcoholics.
- 3 An inquiry into the working of the welfare services for the elderly, chronic sick and the handicapped.
- 4 An inquiry into the employment of elderly workers.
- 5 Reconstruction of women's benefits, (widows and other unsupported mothers), on an age-graded scale.
- 6 A reappraisal of the system of child and family allowance.

The Houghton Review requires the cooperation and collaboration of many different ministries. It is a tremendous challenge but one that Labour are more than equal to. For Labour have high hopes for Britain's future system of social security. Speaking at the Labour Party Conference, Miss Herbison said, "Labour's aim is to put Britain's social services once again among the foremost in the world. With your help and the Nation's help, I am convinced we shall do so."

Redundancy Payments

THE Redundancy Payments Act, which came into operation on 6 December 1965, is designed to compensate those who, through no fault of their own, find that their job has disappeared. It represents an act of elementary social justice and is particularly necessary in a period of rapid industrial change, when many workers will have to change jobs. The Act, together with first-rate training facilities and the introduction of wage-related unemployment and sickness benefits, will ensure that technological advance and the modernisation of industry continues without causing human suffering.

The scheme is financed by contributions collected with the employers' flat-rate National Insurance contribution and paid in to a Redundancy Fund. Employers who have to make redundancy payments may claim from the Fund a rebate of part of the cost, ranging from two-thirds to just over three-quarters.

Tax-free, lump sum payments will be made to employees who are dismissed, laid-off or put on short time because of redundancy. The last category includes those workers who leave voluntarily whilst under notice of redundancy. It also includes those who may throw up their employment after lay-off or short-time lasting four consecutive weeks or a total of six weeks in any thirteen, unless there is a reasonable prospect of the resumption of normal working within four weeks.

Any disputes about an employee's right to claim a payment, or an employer's claim to a rebate, can be settled by the Industrial Tribunals established under the Industrial Training Act, 1964. The actual payments will be made on the following scales:

$\frac{1}{2}$ a week's pay for each year of service over 18, and up to 21 years of age;

1 week's pay for each year of service between ages 22 and 40;

$1\frac{1}{2}$ week's pay for each year of service from 41 to 65.

Severance pay is something never introduced by any previous Government. The Tories talked about it – Labour did it.

The Parliamentary Commissioner

'New ways must be found to ensure that the growth of government activity does not infringe the liberties of the subject. This

is why we attach so much importance to humanising the whole administration of the state and that is why we shall set up the new office of Parliamentary Commissioner with the right to investigate the grievances of the citizen.'

LABOUR PARTY MANIFESTO

OVER THE past half century there has been a major extension of government activities, at both central and local levels, in the community's affairs. As a result the citizen and his family have been brought into closer and more frequent touch with government agencies.

Decisions taken by administrators may affect the citizen vitally as a parent, a motorist, householder, taxpayer, a patient, a pensioner and in many other aspects of his life. This trend will certainly continue. In most areas it is acceptable, since it reflects the community's growing responsibility for the welfare of the individual and collective provision for the needs of our increasingly complex twentieth-century life.

It is, however, inevitable that as the citizen's contact with government increases, so, too, does the possibility of conflict. The citizen could find himself at great disadvantage in certain circumstances.

Although there are a number of sources for redress, in many ways the existing machinery is not wholly adequate. They fall short in three important ways:

- 1 Machinery for formal appeals is mainly concerned with interpreting rules and building up a case law to guide future decisions. But it may well be that the rules themselves need revision. An injustice may be inflicted on an individual even when the general rule is fair and properly applied.
- 2 Redress through an appeal to a higher level of administration suffers from two main defects.
 - (a) Those appealed to are likely to have a natural loyalty to the personnel of their own departments.
 - (b) They are likely, in the course of time, to see issues more from the viewpoint of the administrator than from that of the citizen.
- 3 Redress through outside pressures, however strongly pushed by M.P.s, trade unions, etc., may be frustrated through failure to gain access to the relevant records and documents.

For all these reasons Labour believes that the time has come to create new machinery to aid the citizen. A new office will be

created, along the lines of the Parliamentary Commissioner recently set up in New Zealand and that of the Ombudsman long established in the Scandinavian countries, whose central purpose will be to investigate complaints against public authorities.

The field of inquiry for the Parliamentary Commissioner will be matters of dispute between the citizen and the agencies of government, although at first the scope of his work will be limited. In order to reduce the risk of the new office being swamped by complaints of all kinds (the serious as well as the frivolous), complaints will go through an M.P. in the first instance and not directly from members of the public to the Parliamentary Commissioner.

12 THE NATIONAL HEALTH SERVICE

'The National Health Service was among the foremost achievements of the 1945-50 Labour Government. Since then it has been starved of resources and has failed to adapt sufficiently to modern needs.'

LABOUR PARTY MANIFESTO

DURING THE 1964 election campaign, Labour made four main charges against the way the Tories had administered the National Health Service:

- 1 There was a desperate shortage of staff in every sector of the Service.
- 2 Local health service conditions had been grossly ignored.
- 3 The sick had been made to pay.
- 4 The situation in our out-of-date and overcrowded hospitals had been neglected.

The Tories emasculated the Health Service. What has been described as 'something magnificent in its scope and almost breathtaking in its implications' they turned into a dilapidated and impoverished service.

They have never believed in the principle of a free health service. In 1946 they voted against the Second and Third Readings of the Health Service Act and each Tory Government emphasised how we could not afford to pay the health bill. They reduced the proportion paid by the Exchequer and made the sick contribute more and more.

The Prescription Charge

'Our aim is to restore as rapidly as possible a completely free Health Service.'

LABOUR PARTY MANIFESTO

THE WEALTH of a nation depends just as much on the health of its people as it does upon capital provision for new industrial development. Avoidable ill-health is something we just cannot afford. It is therefore shortsighted to provide any deterrent to treatment, for this may mean that a mild condition becomes serious. Then its cost in human and economic terms becomes immeasurably greater than the cost of any prescription charge. Prescription charges hit the old, those with large families and the chronic sick hardest of all.

Labour has always stood firmly for the principle that the National Health Service should be paid for by all of us when we are well and should be available without charge to all of us when we need its help.

From 1 February 1965, the prescription charges were abolished. This was the first step towards restoring a completely free health service. Some people felt that it was a needlessly extravagant gesture in a crisis situation. It was in fact a matter of social justice and sound economic sense.

Medical Staff

One of the basic causes of the current shortage was the disastrous and short-sighted decision, taken by the Tory Government in 1957, to cut the intake of medical schools by 10 per cent. This decision was influenced by pressure from the medical profession, which was then worried about the possibility of 'overcrowding' and 'surplus doctors' in the profession.

The decision has since been reversed, but the long period of training involved means that it will be several years before the number of doctors can be increased. The present situation is such that over a quarter of all patients are still on doctors' lists containing over 3,000 people.

The rate of increase in the total number of G.P.s has been going down. According to the latest Review Body Report, the proportion of doctors in general practice 'has begun to deteriorate significantly' in comparison with the total population. In fact,

the recruitment of general practitioners in 1963 was the lowest ever recorded, and last year (1964) the number of principals in general practice actually fell by seventy-four. This fall is continuing.

At the same time, those sections of the population who make the greatest demands on the family doctor – the old and the very young (over 65 and under 14) – are increasing rapidly.

Contributing to the shortage is the high proportion of doctors who decide to emigrate. The equivalent of almost a quarter of the total number of doctors qualifying in our medical schools each year leave the country – between 350 and 400 of them. Some, though only a minority, return to Britain after a year or two.

If it were not for the additional help of medical and dental staff from outside the U.K. and Eire, our hospital service would disintegrate. In junior hospital grades, overseas doctors now form about 42 per cent of the total, compared with about 34 per cent only four years ago. The situation has become critical in the intermediate and senior grades, too. Doctors born outside the U.K. and Eire have accounted for 38 per cent of the increase in Senior Registrars over the past three years. During the years 1961 to 1964 registrars from overseas accounted for over 60 per cent of the increase.

Even where a new hospital wing has been completed it often remains empty not because of any shortage of patients, but simply because there are not enough nurses to go round.

The Tory hospital plan made no attempt to plan the recruitment and training of essential medical staff. In some areas, these shortages force casualty departments to close down during weekends. At the last estimate over ten thousand hospital beds were empty through lack of staff. Although there are no precise figures available to calculate the shortage of nurses, a rough estimate has produced a figure of between sixteen and twenty thousand.

This, then, was the situation which the Labour Government found when it came to office – a National Health Service which had been starved of resources and was strained to breaking point.

Labour Action

Since the supply of newly-qualified British doctors is already determined up to 1969, there is very little we can do to increase

the supply of doctors in the interim period. We can only use the doctors and other medical staff more efficiently, providing them with up-to-date equipment and ancillary staff. Apart from the new medical school to be established in Nottingham, the Government is urgently considering what further steps are necessary to meet our requirements for medical manpower and a Royal Commission on Medical Education has been set up.

The Labour Government has already shown clearly that it will give priority to those who work within the National Health Service. Nurses and midwives have been given an 11 per cent increase in pay, and there have also been increases for other health service employees, such as laboratory technicians, and G.P.s have been awarded an increase of £5½ million, a rise of about 9 per cent.

The drive to attract married midwives back to the profession is being stepped up. The Minister, Kenneth Robinson, has emphasised that the return of married midwives will help to combat the current shortage and that a great contribution can be made by recruiting part-time midwives. An ambitious campaign costing £100,000 has been launched to recruit nurses. This campaign will stress the importance of State Enrolled Nurses today; special aspects such as psychiatric nursing, nursing as a career for men, the need to get married nurses back into the profession, and what nursing has to offer the older woman.

During a period characterised by a serious economic crisis, the Labour Government's approach to the health service is most easily seen in its decision on nurses' pay. The 'squeeze' was not used as an excuse to stop them getting an increase in wages. No protest marches and bitter disputes marked the negotiations, unlike the 1962 Tory pattern. The basic need was to bring the wage structure for nurses into line with the sixties and keep our pledge that 'we shall tackle the serious shortages of nurses.'

The Family Doctor

THE widespread dissatisfaction which exists in general practice is in many ways due to Tory negligence. Despite the Conservative promise to consult with the medical profession on their status in the health service, Labour on coming to power found themselves

faced with a situation of almost complete disillusion and frustration among general practitioners. These difficulties cannot be unconnected with the shortage of medical staff, which followed from the Willink Committee's recommendation to cut the intake of medical students.

The shortage of doctors results in many general practitioners being badly overworked. They feel that their conditions of work are out of date and unsatisfactory, and complain that their pay is inadequate, the method of payment complex and inefficient. Many G.P.s also say that often patients make demands which they consider unreasonable. The G.P. also feels he is losing the status he previously had in the community.

The latest pay award to G.P.s recommended that the doctors should receive a total increase of about 9 per cent. The Review Body advised that of this additional £5½ million, about £4 million should be used to help general practitioners to work more efficiently. The money would be used to provide more help in the surgery and for improving premises.

The Government immediately accepted this. And yet there followed great bitterness and unrest throughout the general practitioner service on an unprecedented scale. The Minister of Health, Kenneth Robinson, therefore asked the Review Body to clarify its decision, and the £5½ million was subsequently awarded without 'strings', bringing the G.P.'s average net annual income to about £3,000 before tax but excluding expenses.

Patients have not escaped criticism in this list of grievances. They have been accused of abusing the training and talent of their doctors with trivial complaints, by asking for unnecessary home visits, and by inconsiderate calls at night and during the weekend. Some doctors have even withdrawn from the National Health Service, saying that patients should pay direct for treatment.

The general practitioner very often feels that he is working with the tools and in the environment of a cottage industry, while his brother physician in a hospital is firmly in the 20th century and in tune with the age of automation. The general practitioner service has been grossly neglected. Plans were produced, belatedly, by the last Government for the local health and welfare services and for the hospital service. But the general practitioner, who copes with 90 per cent of the sick, was almost totally ignored.

Building a better Health Service

The overall aim is simply to improve the standards for everyone – patients and doctors. To do this, there must be more co-operation, not merely between the Government and the profession, but also between individual doctors. Nothing can be done about the isolation of the G.P. if he doesn't want to work in a new setting. This is not a problem which is confined to the National Health Service in Great Britain, these developments are going on in many other countries.

In some areas the best way to do this may be for doctors to work from a new health centre, with the latest equipment and adequate staff. Nurses, midwives and health visitors could be attached to this unit – or indeed to a group practice centre – so giving a comprehensive medical service for all the family. In these ways, the practitioners can share the work, enjoy more time off and some degree of specialisation.

New Deal for the G.P.s

After seven months of long and arduous negotiations, the proposals for a new pay structure for family doctors emerged. The antiquated pool system will be abolished. The new system will give a basic annual allowance plus a fee for each patient, with extra pay for patients over 65. Special incentives are to be given to encourage group practices and to attract doctors to areas in greatest need.

A scheme is proposed for paying 'locums' when doctors are sick, and to give every doctor holiday and study leave. Doctors will also get extra pay for working at night and at weekends. The doctors have overwhelmingly agreed that these proposals should go forward to be priced. The important thing, as Kenneth Robinson has explained, is to build a better health service.

Slum Hospitals

'Labour will press ahead with a revised hospital plan . . . Labour will review the whole plan on the basis of a full assessment of local needs and provide the necessary finance to carry the plan through.'

LABOUR PARTY MANIFESTO.

FORTY-FIVE PER CENT of our hospitals were built before 1871; 20 per cent before 1861. Yet during the first half of the fifties, expenditure on new hospitals was less than a third of the pre-war level, in real money terms. Towards the end of the fifties it was running at less than half this level. Only in election year 1963/4 did the Tory Government spend as much on modernising and rebuilding our hospitals as was spent *before* the Second World War.

Year after year, the Labour Party has pointed out the neglect and shortages within the National Health Service, particularly when the Tories were complacently assuring us that we had never had it so good. They were not concerned with the degrading conditions being inflicted on those who could bear them least and who were in the worst possible situation from which to protest or initiate change.

In 1961 a survey on the hospital care of the old in Birmingham received the publicity due to a one-day wonder. It referred to 'hospitals which should have been blown up, slum property, appalling fire risks, over-crowding, barrack-like buildings and degrading conditions for patients and staff . . .'

The number of people on hospital waiting lists was almost half a million, outnumbering the total number of hospital beds in England and Wales, when Labour came to office.

After over eleven years of criminal neglect, the Tories produced their Hospital Plan in 1962. It came far too late and was a prize example of short-sighted incompetence. They did not feel it was necessary to introduce a large-scale hospital building programme during their first eleven years of office. And, once roused from their torpor by the prospect of a general election, it is hardly surprising that their estimates were wildly inaccurate and their progress abysmally slow.

Recently, hospitals have come into the glare of publicity. Sensational headlines have assailed a largely unsuspecting public.

Doctors, surgeons and anaesthetists have stated that their voices have been continuously raised in protest but, strangely enough, newspapers have rarely considered it headline news for more than a day or so and then the subject has been dropped. The only change today is in the amount of interest that these conditions have provoked. We should be grateful that the subject has at last become a topic of less fleeting interest, whatever the motives might be. There has never been room for complacency about our hospital service, and perhaps there never should be.

Labour Action

The Government is at present reviewing the Hospital Plan and getting it on to a more rational basis. The Tories did not co-ordinate their plans with local health services and the G.P.s, nor did they base their 'plan' on any realistic assessment of need. In the current financial year, the Labour Government is spending £68 million on hospital building.

The Tories promised specific numbers of new hospitals in 1955 (seven), in 1959 (sixteen), in 1962 (ninety), in 1964 (three hundred – including rebuilt hospitals). Their record? Two new general hospitals in 13 years, and *perhaps* five others. If their new Plan had proceeded at the same rate as the previous ones, it would have taken over two hundred years to produce the ninety hospitals they offered. Labour's priorities will produce hospitals, not just plans for hospitals.

The Health and Welfare Plan

'The community care services run by the local authorities – the most neglected of all the Health Services in recent years – will be given a new impetus.'

LABOUR PARTY MANIFESTO

THE Tory plan for the local health services appeared even later than the Hospital Plan. It turned up in 1963, another brainchild of that arch-opponent of planning, Mr. Enoch Powell. Perhaps that is why it is even more depressing than their Hospital Plan.

The Health and Welfare Services have had to contend with Tory penny-pinching for many years, even though they have also been given additional responsibilities. According to the Plan itself, by the end of the period, in 1972, there would still be 14,000 old people living in ex-Poor Law institutions which were

condemned in 1948. Many of the local authorities' plans did not even reach the tentative standards of provision recommended at the beginning of the Plan. According to the figures they produced, out of the 146 local health authorities 78 would be deficient in health visitors, 69 local authorities would not have enough home helps, 40 would not have the minimum number of home nurses and 84 would not reach the minimum requirements in the provision of social workers.

The deficiencies of this so-called plan are endless. In fact, according to its latest revision which was published before the election, by 1973 only 7 of the 146 local health authorities would satisfy the minimum requirements.

Labour Action

The Labour Government has already begun its comprehensive review of both the hospital and health and welfare plans. These two will not be isolated projects, unrelated to each other or to the general practitioner service. A real plan must consider not only the needs and decide on priorities, but also co-ordinate health planning to avoid wasteful duplication of staff and resources.

We are pledged to put the patient first and this is now happening. The Minister has already given very clear indications of priorities.

First on the list are services for the old and mentally ill. Kenneth Robinson has emphasised that hospitals and local authorities must work closely together in planning these services. In a recent circular the need to keep people in their home environment for as long as possible has been stressed. This involves closer co-operation than ever before between the hospitals, the local health authority services and the general practitioners. Traditional attitudes towards the care of the elderly and mentally disturbed must change if the needs of these dependent groups in the community are to be adequately met.

13 LABOUR IN THE WORLD

3

'Labour will re-assert British influence in the United Nations. We will seek to strengthen the U.N. by developing its machinery for international conciliation, by making an effective contribution to the creation of an international police force and by reforming the Security Council and the Economic and Social Council so that they are more representative of the new nations.'

LABOUR PARTY MANIFESTO

THE TORIES, still dreaming nostalgically of 1945 when the U.N. was founded with a membership of 51 countries and when the Western Powers could automatically count on a two-thirds majority, have been primarily concerned to limit the development of the United Nations. The achievement of independence by the countries of Africa and Asia has changed the face of the U.N. It has brought new strength to the world organisation which, with an almost universal membership of 119 nations, has become the major stabilising force in a world still dangerously divided into power blocs.

But the Tories, in spite of the occasional vacuous protestation, have failed (as in so many other fields) to grasp the new realities of today. They want to cut the U.N. down to size. All the fundamental antagonism and deep-rooted distaste which really motivated Tory actions towards the U.N. were laid bare to the world in that incriminating speech by Lord Home (then Foreign Secretary) at Berwick on 28 December 1961. He accused the new nations of 'double standards', of 'playing the Communists' game' and of 'irresponsibility'. He accused the U.N. of 'falling

away from the principles of the Charter', and of being 'reckless and careless of peace' by supporting a resolution condemning colonialism. Mr. Macmillan (then Prime Minister) later endorsed these sentiments in the House of Commons.

Now, of course, the Tories tell us things have changed. Behold the shiny and new Opposition party led by Mr. Heath! But who is the bright new-comer who has responsibility for External Affairs in the Tory Shadow Cabinet? None other than Sir Alec Douglas Home!

Labour Action

Labour, by contrast, has done more than any previous British Government to help make the U.N. a more effective instrument of peace and to further the aims of the Charter. The Labour Government has taken positive and decisive action:

- 1 Britain for the first time has a Permanent Representative at the United Nations (Lord Caradon) who is a member of the British Government. This means that the British delegation carries more weight in the U.N. and that the head of the delegation can report back in person to the Cabinet.
- 2 Britain has increased its contribution to the U.N. funds for development by $17\frac{1}{2}$ per cent over the last Tory contribution.
- 3 Britain has set an example to the world in making a voluntary payment of £3½ million to help restore the U.N. to solvency.
- 4 Britain has ratified amendments to the Charter designed to make the Security Council more representative.
- 5 Britain, through the arduous and dedicated work of Lord Caradon, has played a key part in the Committee of 33 nations established to review the urgent question of U.N. peace-keeping activities.
- 6 Britain has offered – an offer without precedent in our nation's history – logistic support of up to six battalions for use in U.N. peace-keeping operations.
- 7 Britain recently made another forward move in the persistent struggle for peace. As a result of notice given by Lord Caradon, an item that had not till then been scheduled on 'the peaceful settlement of international disputes', appeared on the agenda of the twentieth session of the U.N. General Assembly and specific British proposals were discussed.
- 8 Britain, as the Prime Minister and the Foreign Secretary have recently confirmed, seeks to increase the effectiveness of the

U.N. still further by working for the admission of the People's Republic of China to the Security Council.

Gone are the years of alternating Tory apathy and antagonism, when the British Government was all too frequently aligned with Spain, Portugal and South Africa on colonial issues which led to Sir Hugh Foot's resignation as leader of the British delegation in 1962. Sir Hugh, now Lord Caradon, is back as the country's first Minister at the U.N. but this time he is armed with new policies, new hope and new determination to do the job the Tories made impossible.

The Commonwealth

'We believe that the Commonwealth has a major part to play in grappling with the terrible inequalities that separate the developed and under-developed nations and the white and coloured races . . . Though we shall seek closer links with our European neighbours, the Labour Party is convinced that the first responsibility of a British Government is still to the Commonwealth.'

LABOUR PARTY MANIFESTO

It is only a short time since the majority of Conservative leaders were writing off the Commonwealth as a troublesome obstacle to their desire to get into the Common Market on any terms. In its election manifesto Labour undertook to do everything possible to revitalise the association. What has happened?

Talks were pushed ahead on the creation of the new Commonwealth Secretariat and the first Secretary General has now been appointed. A full-scale Prime Ministers' conference was assembled in June, less than a year after the previous meeting. This time there was no attempt to escape uncomfortable discussions, as the Conservatives tried to duck the Rhodesian problem at the 1964 conference. This year, while there were real differences of view about Rhodesia, they were brought out into the open and honestly thrashed out. The result was that Commonwealth delegates did not go away, as they did in 1964, feeling that they had been cheated by slick talk.

Commonwealth Mission on Vietnam

The creation of the Vietnam peace mission was the expression of the whole Commonwealth's compelling desire to find a negotiated solution to the tragic killing in Vietnam. It showed, too, that the Commonwealth, precisely because of its diversity of race and ideology, was qualified to play a conciliatory role in world conflicts that arose from the tragic divisions we have witnessed in the world on those two accounts. That the peace mission, like the appeal of the 17 non-aligned nations, and of U Thant himself, has proved abortive, cannot be construed as a criticism of the mission itself. The intransigence of the Communist countries involved in the struggle makes a useful intermediary initiative impossible at this stage. But the mission remains in existence, ready to use the powerful influence of the British Commonwealth of Nations to find a common basis for negotiation and achieve a just and lasting peace.

Commonwealth Economic Affairs

Whilst Vietnam was the gravest international issue, fully as much time in the conference was devoted to the discussion of vitally important economic matters, in particular Commonwealth trade. The British Prime Minister put forward three specific proposals:

(1) The convening of a conference of trade ministers. The conference would consider setting up permanent machinery to find ways of increasing Commonwealth trade and of co-ordinating development programmes. Most important, it would investigate schemes for assuring primary producers of a predictable income for their products. Moves towards a stabilised price for cocoa could be among the first priorities here.

(2) A meeting of Commonwealth development and planning officials. This would consider to what extent each country's production and plans could meet requirements, as foreseen, in other Member countries.

(3) The reactivation of the Commonwealth Air Transport Council. Through this Britain's aircraft manufacturers could be kept informed of potential civil air transport requirements in Member countries.

The economic talks provided the first international discussion, on any important scale, of economic aid and the development of the trade of the poorer nations since the U.N. Conference on

Trade and Development at Geneva in 1964.

There are other ways in which the Labour government has shown that it intends to develop the unique role of the Commonwealth. A Commonwealth team was despatched to British Guiana to supervise the elections there. Co-operation between Commonwealth delegations at the U.N. has been improved and discussions have taken place on the feasibility of a Commonwealth Consultative Assembly.

As Labour leaders stated before the election, the task of putting more meaning into the Commonwealth is not something which Britain alone can do. But Britain can put forward initiatives for consideration by other Commonwealth members. In this task a useful beginning has been made.

Towards Independence

THERE ARE now less than 30 territories for whose administration the British government is responsible. We are therefore at the end of the long process of decolonisation begun by the post-war Labour Government in its historic grant of independence to India and Pakistan. But the problems of colonialism are not over. Indeed independence for many of the territories has been delayed just because they present some of the toughest problems to settle.

It was because Labour recognised that full attention had to be given to these remaining colonial questions that it reversed the Conservative policy and appointed a cabinet minister charged only with colonial affairs.

Aden and South Arabia

Anthony Greenwood, the Colonial Secretary, has personally visited South Arabia to try to sort out the internal problems which have so far delayed progress to independence, to which the Government is committed by 1968. He proposed the creation of a Commission to work out a timetable for constitutional evolution, and all political interests in Aden were invited to take part in these deliberations. This offer was refused and a new era of terrorism and murder was initiated in Aden, necessitating the

suspension of the constitution. This decision was taken in order to save loss of life. It is still the firm intention of the Government to make South Arabia independent by 1968.

British Guiana

When Duncan Sandys decided in the autumn of 1963 to change the electoral system in British Guiana, his decision was condemned by the Labour Party as being irrelevant to the real needs of the country. They said that what was needed was constitutional safeguards to make sure that whichever party was in power would have to act in a responsible manner and not be able to ride rough-shod over its opposition. When the Labour government came to power they were faced with a choice between repeating Mr. Sandys' mistake and changing the electoral system for basically political ends or getting on with the real job of working out constitutional safeguards. They chose the latter. The election took place under proportional representation in December 1964 and, after a few months to allow the country to get back on its feet and resume its economic advance, a constitutional conference was held. It has now been agreed, that British Guiana will become independent in May 1966 and elaborate safeguards have been drawn up in the independence constitution to ensure that both government and opposition will have full protection for their rights. By his decision in 1963 Mr. Sandys condemned British Guiana to 18 months of stagnation and the continuation of inter-racial trouble. By his forbearance at the end of last year, Mr. Greenwood has given Guiana the opportunity to move forward under a democratic constitution.

Mauritius

A constitutional conference on Mauritius has been held and arrangements have been completed to allow the colony to advance to independence in the same way as other dependent territories.

Fiji

A constitutional conference was held in London on 26 July 1965 attended by all the unofficial Members of the Fiji Legislative Council. Previously Mrs. Eirene White, the Parliamentary Under-Secretary of State for the Colonies, had visited Fiji to receive the views of individuals and associations who were not to be represented at the constitutional conference. It is

confidently hoped that this careful preparation will make possible arrangements for satisfying the demands of the indigenous Fijian population and of the very large Indian community.

Basutoland, Bechuanaland and Swaziland

A practical manifestation of the Labour Government's wish to co-operate with the United Nations has been its invitation to U Thant, the U.N. Secretary-General, to appoint a chairman and one member of a small team to visit Basutoland, Bechuanaland and Swaziland to investigate and advise on the scope for additional economic and technical assistance to the territories. The team will report to and be paid for by the British government. Constitutional processes leading to full independence are well under way.

Rhodesia

LONG before last year's election Labour spokesmen were saying that Rhodesia would present them with their biggest problem in the overseas field; and so it has proved. It is not a problem that has grown up suddenly. It stems from the inherent contradiction between the constitutional rights which the white population of Rhodesia have over the years been allowed to exercise and the new forces in Africa operating for democracy for all races.

When the Labour government came to power relations between Salisbury and London were already bitter. Conservative Ministers had made clear to the Rhodesians that they could not be given independence under their present constitution and had warned them privately of the terrible consequences that would follow an illegal declaration of independence. Despite these warnings the Rhodesian government was trying to convince its own followers that a declaration of independence would be a nine days wonder. In the face of this the new Labour government issued a public statement reiterating the warnings of their predecessors but spelling them out more clearly for the benefit of the public in Rhodesia. This warning served to put off for a while the Rhodesian government's illegal act.

In the meantime the British government launched upon negotiations to see whether there was any possibility of a peaceful solution of the matter. Everything was done in order not to provoke Mr. Smith and his colleagues. Britain was prepared to concede independence before there was majority rule provided

there were reasonable safeguards to ensure that progress towards majority rule continued, and provided the terms of independence were generally acceptable to the people of Rhodesia as a whole. Mr. Smith insisted upon independence on the basis of the 1961 constitution and made no significant concessions towards the minimum conditions which successive British governments had had to impose.

That these conditions were the minimum required to meet Britain's obligations is shown by the attitude taken to Rhodesia's law and constitution by such people as the former Chief Justice of Rhodesia and the members of the Constitutional Council of Rhodesia, all of whom had condemned some or other aspects of Rhodesia's 1961 arrangements.

When in October it looked as if the Rhodesian government were on the point of declaring independence, Mr. Wilson paid a dramatic visit to Salisbury and conducted personal negotiations with representatives of all interests in Rhodesia, to see if there were still not even at that late stage, some peaceful solution. On his return from Salisbury it looked as if a way out had been found by the use of a Royal Commission to test Rhodesian public opinion. Mr. Smith subsequently turned against this idea. Nevertheless Mr. Wilson continued to put proposals to him right up until a few hours before the Rhodesian cabinet decided to declare independence on 11th November.

It has been generally recognised in Britain and indeed by Mr. Smith himself that no-one could have done more to avert this illegal act than the British Prime Minister.

Since the illegal declaration of independence the British government has continued to try to play the crisis down and to achieve by the quickest and least disruptive methods the return of Rhodesia to constitutional rule. It would have been easy to join with many members of the United Nations in imposing severe measures against the rebel government. Instead the British government have done all in their power to encourage those in Rhodesia who still pay respect to the law to support the Governor of Rhodesia who now represents the only legal authority in the colony. The government have introduced increasingly effective sanctions against Rhodesia and through the United Nations and our alliances have sought the co-operation of all countries who wish to see the illegal white minority government in Salisbury overthrown.

Mr. Wilson has pointed out many times that while the Rhodesian question is primarily a British responsibility we cannot overlook the fact that other countries take an intense interest in it. This means that unless Britain is seen to be achieving something the other members of the United Nations will embark upon less responsible courses. It is for this reason that the British government have raised the matter at the United Nations and attempted to keep the initiative in their own hands. In this way it is hoped that Rhodesia will soon turn to constitutional government and that the catastrophe of inter-racial violence or the presence of big power troops in Rhodesia will be avoided.

Overseas Development

'To give a dynamic lead in this vital field, Labour will create a Ministry of Overseas Development to be responsible not only for our part in Commonwealth Development but also for our work in and through the specialist agencies of the United Nations.'

LABOUR PARTY MANIFESTO

FOR YEARS before Labour's election victory Labour spokesmen had been urging the Conservative government to pay more attention to aid for underdeveloped countries. The value of Britain's contribution had gone up over the years but its usefulness had been lessened by the total absence of planning. No fewer than six government departments had a hand in it. Yet no single authority was responsible for working out whether we and the countries receiving aid were getting value for money.

This is why the Labour Government created a new Ministry of Overseas Development headed by a cabinet minister. It brought out its first report in August 1965. This report is the first attempt to determine in depth what Britain should be doing and it announces a number of new initiatives. Britain's ability to increase her contribution depends upon her economic strength and balance of payments position, but the Report stresses that as much can be achieved by an improvement in the techniques of aid as by a larger contribution.

Labour Action

A regional office to deal with development in the Caribbean area is shortly to be set up. A new policy of granting interest-free loans in special cases has been adopted. In other cases, interest

will be waived for an initial period and Britain will no longer impose a management charge for money loaned to under-developed countries.

Government departments, universities and technical colleges have been persuaded to increase the number of their staff by at least 400 posts in order that staff are available for service abroad. In addition, the Ministry of Overseas Development will maintain its own corps of specialists to fill appointments in key posts. A new pension fund will be created to provide decent conditions for these people. The scheme whereby Britain pays a large part of the cost of maintaining British people in developing countries has been extended to include those who serve in some non-government bodies as well as civil servants.

The amount of money given to the various organisations sending young volunteers abroad has been increased to £620,000 – which is 75 per cent of the cost. At the moment, there are 900 of these volunteers overseas. By the end of 1965 this will rise to 1,400 – in 1966 there will be 1,800. In order to co-ordinate the work of these societies, the Ministry has helped to create a small joint secretariat.

The target for the supply of non-university teachers in 1965 has been increased to 1,000. The number in the Commonwealth teacher training bursary scheme has been stepped up to 500 and will be raised to 550 next year.

In the past Britain has given a great deal of money towards overseas development but has played very little part in planning its use. Now the Ministry's economic planning staff help countries asking for our assistance to draw up their development plans by supplying economists and statisticians.

Finally, a major initiative has been launched to create an Institute of Development Studies at the University of Sussex to ensure that there is a forum for new thinking about this vitally important subject.

For years those most concerned with the problem of overseas development have been complaining about the isolation of British government departments. In its first year the Labour Government has created a Ministry in touch with everything that is going on in the field, initiating new activities inside and outside government circles.

This is appreciated not only in Britain but in all the under-developed countries in the world.

Commonwealth Immigration

'Labour accepts that the number of immigrants entering the United Kingdom must be limited. Until a satisfactory agreement covering this can be negotiated with the Commonwealth, a Labour Government will retain immigration control.'

LABOUR PARTY MANIFESTO

UNTIL THE Commonwealth Immigrants Act came into force in July 1962, Commonwealth citizens had been free to enter the U.K. without restriction. Labour vigorously opposed this Bill on a number of grounds. There had been no consultation with the Commonwealth. Introduced at a time when the Conservative Government was seeking Britain's entry to the Common Market, which would eventually have meant free entry to the U.K. for the citizens of the Common Market countries, it discriminated against the Commonwealth. Above all, it reflected a wholly negative policy.

Commonwealth citizens had been coming to this country in considerable numbers in response to the labour shortages here. Because they had come to work, they settled in those areas where labour was most scarce. These areas – London, the West Midlands, the West Riding of Yorkshire, and other expanding industrial areas – were precisely the areas where accumulated social problems were at their most acute. Commonwealth immigrants became the ideal scapegoats for social conditions which should properly have been laid at the door of the party which had been so long in power. The Tories offered nothing to solve these basic problems or to ease the inevitable tensions which external migration brings to any society. Instead, 'they yielded to the crudest clamour – keep them out!'

The Labour Government's attitude to immigration control was formulated in the wider context of Commonwealth immigration as a whole – especially in relation to those Commonwealth immigrants already here in this country.

In March 1965, the Prime Minister announced that a high-level mission, led by Lord Mountbatten of Burma, would visit certain Commonwealth countries to consider with their Governments the problems that had arisen, particularly in regard to evasion of the 1962 Act. The mission sought to establish the facts and examine what could be done to stamp out evasion at source.

Having considered the Mountbatten report, the Prime Minister published a White Paper, *Immigration from the Commonwealth*, in August 1965.

In order to provide a 'breathing space' during which Commonwealth immigrants in this country can more easily be integrated into the community, the number of work vouchers for Commonwealth immigrants was reduced from 20,800 a year to 8,500. Furthermore, children aged 16 and under 18, previously freely admitted, were not to be allowed to accompany their parents or join them here, save in exceptional circumstances.

Evasion of the controls under the Act, especially by Australians, Canadians and New Zealanders, had reached an intolerable level. To combat this, it was decided to introduce a system of entry certificates for dependents. In addition, the Home Secretary may seek powers to impose conditions on the entry of Commonwealth citizens (including registration with the police) in order to combat evasion, and a general power to deport Commonwealth citizens who disregard such conditions if he considers the public interest to require it.

Immigration from the Commonwealth has not created a serious health hazard – only eight Commonwealth citizens were refused entry on health grounds out of many thousands examined in 1964. But to avoid any risk of infectious disease, it was decided that in future a Commonwealth immigrant should normally be expected to produce evidence of having undergone a medical test in his own country. In no case, however, will entitled dependents be refused entry on health grounds, though they may be required to report to a Medical Officer of Health.

The Integration of Immigrants

'... A Labour Government will legislate against racial discrimination and incitement in public places and give special help to local authorities where immigrants have settled.'

LABOUR PARTY MANIFESTO

THE SETTLEMENT in the United Kingdom of nearly a million immigrants from the new Commonwealth countries was accompanied by rising tensions. Many of these tensions arose from the

fact that Commonwealth immigrants became the scapegoat for bad social conditions which they certainly did not cause, and others were the usual problems associated with any migrant situation. But the tensions were exacerbated by colour. Because many of the immigrants were distinguishable by the colour of their skin, they were not only the ideal scapegoats, but they also suffered to an increasing degree from colour prejudice.

The Labour Party had been calling since 1958 for legislation to outlaw racial discrimination in public places and the incitement of racial hatred. But the Conservative Government refused to act, always maintaining that the Public Order Acts and the common law were sufficient instruments.

Early in 1965 the Labour Government introduced the Race Relations Bill, which has two main aspects. Firstly, it outlaws the incitement of racial hatred, and provides for very substantial penalties. Secondly, it creates a Race Relations Board and local conciliation committees to consider complaints of racial discrimination in public places. If the Board or local committee considers the complaint justified, it will seek to remove the cause by conciliation. If this fails, it will seek a court order, which is enforceable in the usual way.

The Government is well aware that this legislation does not directly cover some of the areas of racial discrimination which are most blatant and which affect immigrants very closely - notably most aspects of housing and employment. Future action in these areas is not ruled out, but the Government feels that legislation is not necessarily the best immediate answer. At all events, the effects of the present legislation must be studied before any further steps are taken in this difficult area.

Short of legislation, however, a number of other steps have been taken administratively to combat racial discrimination. For example, the Minister of Housing and Local Government has made it quite clear that he will in no circumstances sanction local authority loans for projects which are in effect racially discriminatory.

Integration

All major political parties are publicly committed to the idea that Commonwealth immigrants must be treated in every way as first-class British citizens and that their integration into British society must be fostered. But the Conservatives did almost

nothing to foster integration in the long years of office. They persistently refused to face up to the fact that Britain is already a multi-racial society. Since they would not face this fact, they totally failed to tackle the tensions which were arising in those areas where substantial numbers of immigrants had settled. Indeed, so ostrich-like did they become that several Conservative candidates in the 1964 elections were allowed to fight campaigns which did no good to the Conservatives' reputation in the world.

On 9 March, the Prime Minister announced that a junior Minister in the Department of Economic Affairs, Maurice Foley, had been charged with the job of co-ordinating the work of various Government Departments to promote the integration of immigrants in Britain. A Committee of junior Ministers set to work to see what needed to be done, and their conclusions were the basis of the last part of the August White Paper, the part dealing with integration.

Clearly, it was not possible to propose a dramatic solution to problems many of which, such as housing and education, were part and parcel of wide problems not directly related to immigration. Nor was it possible to eradicate racial prejudice exclusively by Government action. The problem of changing attitudes on the shop floor and in local communities is largely a question of education and commitment at a local level. That is why the Government attaches great importance to, and will financially support, local liaison committees to foster integration.

The White Paper ends:

'The good name of Britain, our relations with other members of the Commonwealth, and, above all, justice and common humanity, demand that Commonwealth immigrants in this country should be absorbed into our community without friction and with mutual understanding and tolerance. The Government believe that the good sense of the British people will prevail and that this will be achieved. The above paragraphs outline some of the steps which the Government will take to speed the process; they are sure that in this effort they will be able to rely on the full co-operation of all the national organisations, local authorities and voluntary organisations concerned and of the immigrants themselves.'

This is the positive approach required to solve the problem of integrating Commonwealth immigrants.

14 TALKING SENSE ON DEFENCE

While we wait for the publication of the comprehensive defence review now under way, there is already evidence of positive, realistic thinking by the Labour Government.

NEW impetus has been given to the N.A.T.O. Force Planning Exercise. At the December 1964 Ministerial Meeting, the Labour Government put forward concrete proposals to reconcile strategy, force requirements and resources. Again at the May/June meeting of Defence Ministers, Denis Healey put the case for revising outdated N.A.T.O. defence strategy.

The Government have put forward the following concrete proposals for the defence of Western Europe – proposals relevant to the political, military and economic realities of 1965.

- 1 Since no country will increase the present level of its commitments to the Alliance, strategy must be based on existing resources.
- 2 The present concept of defence in depth, allowing for a conventional war of ninety days after a nuclear exchange, must be reconsidered. It seems pointless to tie-up resources for a sequence of action that is extremely unlikely.
- 3 The emphasis must be on producing conventional mobile forces to deal with any ambiguous and unpremeditated local conflicts before they escalate to general war.

The Government has repeatedly stressed the need to increase the interdependence of the allied nations. It has put forward proposals to prevent the duplication and increase the flexibility of weapon systems within the alliance.

Labour has proposed that the nuclear role of N.A.T.O.'s tactical air-strike forces should be re-examined. This role is entirely

covered by the United States nuclear defences and is a wasteful duplication of scarce resources.

The Government has stressed the need for greater sharing of armament production. This involves the synchronisation and integration of projected defence requirements. The Labour Government has shown the way by initiating two further projects on the joint production of aircraft with the French.

End of a Myth

No aspect of Tory electioneering was more irresponsibly fraudulent than their nuclear chauvinism. The Tory contention that an independent deterrent was an absolute pre-condition for Britain's security and for her influence in the world, provided the unanswerable argument for every country to develop its own independent nuclear deterrent. Indeed France borrowed whole passages from Tory Defence White Papers in justifying the creation of her 'force de frappe'. But more than this the Tory argument was a fraud, because the Polaris submarines would never constitute a fully independent deterrent. Tory wishful thinking was shattered by the Prime Minister in the Foreign Affairs debate on 17 December 1964:

'The fact is that there is no independent deterrent because we are dependent on the Americans for the fissile material for the British warheads'.

The argument that the Americans might default on their most solemn obligations to Nato and yet would in all circumstances carry out their obligations to Polaris is demonstrably self-contradictory.

Return to Reality

Tory defence thinking belonged to cloud cuckoo land. Ever since the abandonment of a British strategic rocket programme, with the cancellation of the Blue Streak in 1960, the idea of an independent deterrent system was illusory. The sheer facts of thermo-nuclear weaponry, to say nothing of the hard lesson of economics, mean that outside the two major nuclear nations there is no power capable of sustaining thermo-nuclear war or of providing a globally credible deterrent. Further, the realisation that isolation is impossible even for the most powerful means that no nation, however great, can think in terms of going it alone without allies and without regard for world opinion. But the Tories

thought they could, although, of course, they never specified under what conceivable circumstances they would independently initiate a nuclear war. Was it for a nuclear Suez? Was it to take on Russia alone in thermo-nuclear exchange? Was it for use against a non-nuclear power? More likely, as the *Observer* said in a leading article after the Nassau Agreement, it was 'to suit the electoral interest of the Conservative Party rather than the real needs of the country'.

In accepting that the British deterrent can only work on an interdependent basis, the Labour Government has strengthened the cohesion of the Atlantic Alliance. But more than this, the Government's policy worked out in conjunction with our allies is designed to reduce tension and to facilitate the kind of progressive disarmament that alone can be a meaningful guarantee for our national security and world peace.

Defence Costs

'As a first step, we shall submit the whole area of weapons supply to a searching re-examination in order to ensure that the limited sums available are spent on those weapons best designed to carry out our policies and fulfil our obligations.'

LABOUR PARTY MANIFESTO

'BLUE STREAK Written Off. Unsuitable for Defence.'

'£33m Rocket will be scrapped.'

'Blue Water Scrapped by Cabinet. £30m Write-Off "A sad shame".'

'£1,400,000 Bill for Skybolt.'

'Abandoned Air Projects Cost Over £250m.'

These quotations from newspaper headlines between April 1960 and November 1963 are the most eloquent indictment of Tory defence policy. The course of these successive Tory disasters charts the lurches in strategic policy, the wrong priorities and grave errors of judgement which not only wasted hundreds of millions of pounds of the taxpayers' money but also left our forces undermanned and inadequately supplied.

The trouble with the Tories was that they devoted a wholly disproportionate share of our capital and skills to attempting to produce fantastically expensive prestige projects. Some of these were utterly irrelevant and others excessively sophisticated.

In sum, thanks to thirteen years of Tory rule and to nine inept Tory Defence Ministers, a total expenditure on defence of over £20,000 million by October 1964 had failed to make adequate provision for our country's defence.

The Tory White Paper of December 1963 envisaged an annual increase in defence expenditure of only 3½ per cent on the assumption that the national wealth would rise 4 per cent each year. In fact the Tory defence estimates for 1969–70, as Labour discovered on taking office, would have meant an increase of over 5½ per cent in real terms. And with Tory mismanagement of the economy there was little chance of Britain achieving a 4 per cent rate of growth. It would mean that Britain's defence burden was increasing both in real terms and as a proportion of GNP at a time when Russia and the United States were reducing theirs. Even now, of the countries in the Atlantic Alliance Britain's expenditure on defence is second only to that of the United States.

DEFENCE EXPENDITURE 1964

	<i>Per head of population</i>	<i>% of GNP</i>
United States	£100	9·7
Britain	£38	7·1
France	£34	6·6
Germany	£33	6·4
Canada	£30	4·5

To have continued with the Tory Defence Plans that we inherited would have been to commit economic suicide.

Labour Action

Labour will slash £400m off the defence estimates of the Tory Government. The Government intends to hold expenditure on defence in 1969–70 to £2,000m at 1964 prices. The following substantial savings will be made:

- 1 £135 million to be saved through changes in aircraft purchases.
- 2 £15 million to be saved through cancellation of a fifth Polaris Submarine.
- 3 £20 million to be saved through reorganisation of Territorial Army.
- 4 £15 million to be saved through rationalisation of administration.
- 5 £35 million to be saved by a series of miscellaneous programme changes.

These savings are very substantial, but some people wonder why we cannot do more. It is worth noting two things about expenditure on Defence. Firstly, the cost of modern equipment and the necessary research and development is increasing at a much faster rate than the national wealth. Between 1963-68 the capital cost of equipping a gunner regiment in Germany will increase three times (on 1964 prices) and that of equipping an infantry battalion will increase six times. There is a similarly astronomic escalation of costs in the Royal Air Force. The latest Lightning (Mark 3) is about five times more expensive than the latest Hunter (Mark 6) which it replaces. In the Fleet Air Arm a Sea Vixen costs approximately seven times as much as its predecessor the Sea Venom. And, to take a last example, the cost of *one* TSR2 would have been equal to that of a pre-war battleship!

Secondly, it must be remembered that manpower costs represent nearly half our defence budget. And if Britain's Armed Forces are to attract enough recruits their pay and allowances must rise with wages in civilian life.

It is quite staggering that the previous government, faced with this irresistible spiralling of costs, should have taken no steps to ensure that the country should get value for money and that our forces should get the right arms at the right time.

Labour's new approach to Defence planning will provide for the nation's defence without imposing too great a strain on our resources.

B. A. O. R. Costs

THE PRIME MINISTER in a forceful speech to the N.A.T.O. Ministerial Meeting in May, bluntly stated the facts about Britain's one-sided financial commitment to the common defence: 'Britain is playing its full part in the North Atlantic defence. We are doing so, and I must state this frankly, at a very heavy cost, not only in terms of our defence budget but in terms of foreign exchange . . . I want my colleagues to realise that we cannot and do not intend to continue to take this unfair share of the economic burden.'

The cost in foreign exchange of Britain's defence commitments overseas is over £300 million. This is in addition to the cost in

real terms that also has to be borne by the British economy. It is ironic that Britain's annual foreign exchange drain through overseas expenditure is about the same as Germany's annual gain in foreign currency from N.A.T.O. troops stationed on her soil! In this situation it is quite unfair that Britain should be expected to meet virtually the entire foreign exchange cost of her forces in Germany running at about £86 million in 1964.

Yet the best the Tories could achieve for 1964-66 was an undertaking from the Germans 'to offset as far as possible our cost.' Just how totally unacceptable the Tory arrangement was became clear when in fifteen months less than £30 millions' worth of orders had been placed to offset B.A.O.R. costs.

Labour has done better. Thanks to tough bargaining by the Chief Secretary to the Treasury, Mr. John Diamond, Western Germany has undertaken to place contracts in Britain worth £169 million in the three years ending March 1967. Not only has the Government held West Germany to a firm commitment, which the Tories failed to achieve, but it also secured an advance payment of £41 million to be placed immediately in the Treasury reserves.

M. L. F. Versus A. N. F.

'We are against the development of national nuclear deterrents and oppose the current American proposal for a new mixed-manned nuclear surface fleet (M.L.F.). We believe in the interdependence of the Western Alliance and will put forward constructive proposals for integrating all Nato's nuclear weapons under effective political control so that all the partners in the Alliance have a proper share in their deployment and control.'

LABOUR PARTY MANIFESTO

WHEN LABOUR took office the Atlantic Alliance was subjected to severe centrifugal strains on the question of joint participation in nuclear control. The M.L.F. (Multilateral Fleet) plan was a tired contrivance. These proposals, far from restoring the cohesion of the alliance were divisive. They were supported by Germany, bitterly opposed by the French, and ambivalently received by our other allies.

The fleet was to be mixed-manned, comprising twenty-five surface vessels, each one equipped with eight Polaris missiles. Labour criticised the plan on three major accounts:

- 1 Because it involved utterly wasteful duplication of existing Western nuclear capacity, which was already more than adequate.
- 2 Because the size of the British contribution meant we would have little say in the control of such a force.
- 3 Because the Russians, and all other East European countries opposed it both as an unwarranted increase in Western Nuclear power and as a dangerous step towards the proliferation of control over nuclear weapons.

Strength with flexibility

On all accounts then the M.L.F. in this form only exacerbated the problem it was meant to solve. The essential task to which Labour was committed in the Queen's speech was to 'make constructive proposals for renewing the interdependence of the Atlantic Alliance in relation to nuclear weapons, in an endeavour to prevent duplication of effort and the dissemination of weapons of mass destruction.'

In the House of Commons in March, Denis Healey restated one of the basic tenets of the Government's foreign policy: 'Britain's survival and our national security must depend on the strength and solidarity of her alliance with the United States and Western Europe.' Yet at the same time Labour realises that our policies for strengthening the alliance must also be designed to create the conditions in which nations can agree upon disarmament. The Labour Government's proposals for an Atlantic Nuclear Force fit the bill on both accounts.

The A.N.F. should consist of:

- 1 the British V Bomber Force (except where it is required for commitments outside the N.A.T.O. area);
- 2 the four British Polaris Submarines now under construction;
- 3 at least an equal number of American Polaris submarines;
- 4 Some kind of mixed-manned and jointly owned element in which the non-nuclear powers could take part;
- 5 any forces that France may decide to subscribe.

No new fingers on the trigger

These forces would be the strategic nuclear power of N.A.T.O. There would be only a fractional duplication of existing armaments. The French would be free to join at any stage and in any capacity if they wish.

There would be no danger of proliferation since the American and British vetoes would remain absolute and any other country participating would have a veto if it wanted. But the Government proposals go even further in avoiding the dangers of nuclear dissemination. We propose an A.N.F. Charter embodying clauses by which the nuclear members would undertake not to disseminate nuclear weapons and the non-nuclear members would undertake not to acquire them or acquire independent control over them. Moreover, as a further measure to remove the incentive for independent nuclear deterrents so irresponsibly fostered by the previous government, the British contribution will be committed for the duration of the alliance. These proposals cannot be construed as provocative to any outside power. Far from bringing any new fingers nearer to the nuclear trigger, as Harold Wilson said in the House of Commons, they 'provide an absolute guarantee against proliferation or dissemination, a guarantee against the transfer of nuclear striking power from nuclear to non-nuclear powers, a guarantee against the acquisition by non-nuclear powers of a nuclear potential in any shape or form, direct or indirect.'

These proposals were bitterly opposed by the Tories in the House of Commons. But this relevant and imaginative British initiative has been the basis of all discussions inside the Atlantic Alliance. The impending crisis over the M.L.F. was averted; the British Government has shown the way to strengthen the unity and interdependence of the Alliance.

Disarmament

'We are convinced that the time is opportune for a new breakthrough in the disarmament negotiations, releasing scarce resources and manpower desperately needed to raise living standards throughout the world.

We shall appoint a Minister in the Foreign Office with special responsibility for disarmament to take a new initiative in the Disarmament Committee in association with our friends and allies.'

LABOUR PARTY MANIFESTO

STAGNANT in action, pious in expression – this sums up the Tories' attitude to disarmament while they were in power. The Tories' words on this subject occasionally held out glimmers of hope but these rare shafts were soon blotted out by Tory passivity or inability to act.

Lord Home addressing the Disarmament Committee as British Foreign Secretary in March 1962 stated assertively 'We on the British side intend to keep open minds. We support the United States plan, and we helped to frame it. We are not pressing specifically or exclusively for its adoption. What we must find is a master agreement drawing on what is best in all the proposals before us.'

A sensible approach. Yet from the day when Lord Home left Geneva, 27 March 1962, until the demise of the Tory Government, the British delegate, acting on Tory instructions, confined himself to the views of the Nato alliance, and on no single issue, great or small, did he ever take or support an independent line.

When the Labour Government, in accordance with its election manifesto, appointed a Minister of State at the Foreign Office with special responsibility for disarmament, the reaction of the Conservative Party's more 'mentally enclosed' experts was predictable.

It is especially interesting to note the sometimes hilarious relationship between the nature of the critical comments and the identity of those who made them. It was, for example, very strange that Mr. Eldon Griffiths should have suggested that Lord Chalfont was 'under-employed'. It might have been expected that the man who spent a great deal of his time writing Sir Alec

Douglas Home's election speeches would have had a clearer understanding of exactly what constitutes unproductive employment.

After the first year of the Labour Government these flabby criticisms begin to look more than usually silly. Lord Chalfont's appointment is noteworthy both because of the senior status attached to the appointment and also because this was another unprecedented initiative. Never before has the Government of any nation included a Minister for Disarmament.

Labour Action

Labour's establishment of a full-scale Arms Control and Disarmament Research Unit staffed by academic experts and by officials with knowledge of disarmament problems, to conduct research into the long-term aspects of this whole subject is another significant advance. Drawing upon the studies of this newly-founded unit and in consultation with the Advisory Panel of experts (another Labour innovation), Lord Chalfont and his staff drew up a draft treaty which was designed to prevent the transfer of the control of nuclear weapons from nuclear powers to non-nuclear powers or groups of powers.

At the same time it was designed to prevent non-nuclear powers from manufacturing nuclear weapons or in any way gaining control over them. The strictness of the controls against the spread of nuclear weapons envisaged in the British draft led to some debate inside the Western Alliance but in the end the United States tabled a draft treaty based, in most important respects, on the British draft proposals.

In two important rounds of disarmament negotiations (one at the United Nations Disarmament Commission in New York and the other in the summer of 1965 in the Eighteen Nation Disarmament Committee in Geneva) Britain has clearly and unhesitatingly taken the lead. She has been pressing and persuading her allies towards greater urgency and flexibility, probing constantly the intentions and the fears of the Soviet Union and its allies, and providing for the neutral countries of the world something they could never have hoped for until a year ago – the leadership and example of a European nuclear power clearly and unequivocally committed to the aims of peace and disarmament.

President Kennedy addressing the U.N. General Assembly on 25 September 1961, said:

'Today every inhabitant of this globe must contemplate the day when it may no longer be habitable. Every man, woman and child lives under a nuclear sword of Damocles, hanging by the slenderest of threads, capable of being cut at any moment by accident, miscalculation or madness. The weapons of war must be abolished before they abolish us . . .'

The Labour Government shares President Kennedy's urgency and that is why Labour is pledged to continue the search for general and comprehensive disarmament with unabated vigour.

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THE GO-AHEAD YEAR by 'DEMOS'

●● *We are building the New Britain. We do not claim to have built it yet . . . But, in all we have done, whatever the difficulties, whatever the bottlenecks we have had - and the two principal ones have been money and Parliamentary time - we have kept our eyes raised to the great design of the structure we are seeking to build. ●●*

The Prime Minister, Harold Wilson - Blackpool, Sept. 1965